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TODAY:
In the East Lane, Page 6

Clinton Says He Trusts The Senate To Do Right

Breaking Public Silence On Trial, He Puts Focus On His 'Need to Work'

By Brian Knowlton
International Herald Tribune

WASHINGTON — Breaking his public silence on the impeachment crisis a day before arguments begin in the Senate trial, President Bill Clinton said Wednesday that he trusted the Senate to do "the right thing" and that he would try to continue attending to the nation's business even as his presidency is under challenge.

2 key votes to shape trial, Page 3.

Referring to the Senate trial, Mr. Clinton continued, "The important thing for me is to try to spend as little time thinking about that as possible."

His comments were calm and understated, and seemed intended to reassure. He seemed wary of saying anything that might offend any senator at the outset of a process that, while politically and personally painful, the president appears almost certain to survive.

The Republicans control the Senate with 55 seats; the Democrats hold 45, and it takes a two-thirds majority of 67 to convict.

Mr. Clinton refused to be drawn into debate or discussion of the charges facing him: that he committed perjury and obstructed justice in seeking to conceal his affair with a former White House intern, Monica Lewinsky.

He spoke as both his lawyers and the House of Representatives team prosecuting the impeachment case filed final



President Clinton discussing his impeachment trial on Wednesday.

legal memoranda before the trial opens Thursday, with up to 24 hours of argument from the House managers. That will be followed, beginning Tuesday, with up to 24 hours from White House lawyers.

The brief filed by the White House said that senators had an "obligation to turn away an unwise and unwarranted misuse of the awesome power of impeachment."

White House lawyers cautioned that a

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'His Airness' Steps Down

Jordan Says Good-Bye to Bulls and the NBA

The Associated Press

CHICAGO — The National Basketball Association's greatest player made it official Wednesday. Michael Jordan retired from the Chicago Bulls after 13 seasons, six championships and countless high-flying dunks.

"I played it to the best I could play it," Jordan told a packed news conference here at the United Center. "I tried to be the best basketball player I could be."

"I've had a great time," he said. Word of Jordan's retirement broke late Monday, but he had refused to comment until Wednesday. After leading the Bulls to their sixth championship in June, Jordan had said he would make an announcement on his future only after the NBA lockout ended.

"I thought about saying just two words, 'I'm gone,' but I thought I owed my fans a lot more than that," he said with his wife, Juanita, at his side.

He said he looked forward to being a parent and would "live vicariously through my kids," whether or not they played basketball.

"This is a perfect time for me to walk away from the game," Jordan said. "I'm at peace with that."

Joining the 35-year-old Jordan at the podium were the Bulls' chairman, Jerry Reinsdorf, and the NBA commissioner, David Stern.

"This is a day I hoped would never come," Reinsdorf said. "It's a tough day for basketball fans all over the world."

Stern countered: "I disagree with Jerry. This is a great day. The greatest player is retiring with the grace that describes his play."

Jordan, asked if he had lost his desire to play, responded: "The desire is always going to be there." But he said he wanted to make sure that the desire was there "not one-fourth of the time I step onto the court, but every time."

Jordan appeared with a bandage on his right index finger and said he had severed a tendon while trying to cut a cigar and would need surgery. But he said he had decided to retire before the accident.

The last time he hung up his Nike sneakers, in 1993, he said he had had enough of the NBA grind, wanted new challenges and needed more time with his wife and three children after the murder of his father. But after a short-lived minor-league baseball career, Jordan came back in 1995 and added three more NBA titles.

Now, with 13 seasons behind him, he has been the league's Most Valuable Player five times, its scoring champion 10 times and he has the top per-game scoring average in NBA

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Brazil Devalues, Jolting the Markets

Currency Adjustment Triggers a New Round of Turbulence

By Larry Rohrer
New York Times Service

RIO DE JANEIRO — With its authority being challenged at home and its economic policies under attack by skeptics overseas, the Brazilian government devalued the country's currency Wednesday by 8 percent.

The action was taken after the resignation earlier in the day of the president of the central bank, Gustavo Franco, and it followed nearly a week of precipitous declines in the stock market.

Brazil's troubles sent waves of anxiety through the financial markets, triggering a sell-off of stocks in Europe and on Wall Street by investors who were worried that events in Brazil could trigger another round of turbulence in emerging markets.

In New York, the Dow Jones industrial average plummeted 250 points in the first half-hour of trading

but later recovered about half of that loss. (Page 9) President Fernando Henrique Cardoso cut short a vacation and, in a nationally televised address, vowed that all of Brazil's foreign-debt obligations would be honored.

Mr. Cardoso also said his government remained on course to implement economic reforms that the International Monetary Fund and international lenders sought in a \$41.5 billion rescue plan presented in November.

In Washington, President Bill Clinton said he had been in contact with the IMF and other countries about the Brazilian situation, and the Group of Seven countries held emergency talks about Brazil's economy, a German Foreign Ministry spokesman said in Bonn. Mr. Clinton said he hoped Brazil's situation would "be resolved in a satisfactory way."

The U.S. Treasury secretary, Robert Rubin, called for Brazil to complete "strong, credible" economic

reforms. Mr. Rubin said that he viewed Brazil's currency devaluation as an effort to "enhance the flexibility of its exchange-rate system."

Earlier, alarm at the country's situation led the Sao Paulo stock exchange, Latin America's largest, to delay its opening for half an hour and then triggered a stunning 10 percent decline in the key Bovespa index. At that point, a "circuit breaker" triggered an automatic shutdown of trading, which resumed in the afternoon.

The Bovespa recovered to close down 5.05 percent.

To restore confidence, Francisco Lopes, the new president of the central bank, opted for what Paulo Mallmann, chief economist of BCBanco in Sao Paulo, called "high-risk surgery." Since 1994, the key to Brazil's economic gains has been a rigid

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Bankruptcy Of Another Firm Deepens China Fears

By Philip Segal
International Herald Tribune

HONG KONG — Stocks of major Chinese-controlled companies trading here plunged Wednesday amid fears that their lines of credit were drying up as a second state-controlled company stunned investors by announcing that it was effectively insolvent, with debts far larger than expected.

Almost all Hong Kong-listed stocks of companies incorporated or doing business in China were pummeled amid growing fears of a debt crisis on the Chinese mainland. The Hang Seng China Enterprises Index, which tracks Chinese shares listed in Hong Kong, fell 11.5 percent. The index tracking "red-chip" stocks, most incorporated in Hong Kong but controlled in mainland China, fell 12.5 percent.

The perceived increase in the risk of lending to China, and the effect it could have on banks in Hong Kong, extended to Hong Kong stocks as well. The benchmark Hang Seng Index fell 4.1 percent, to 10,273.77 points.

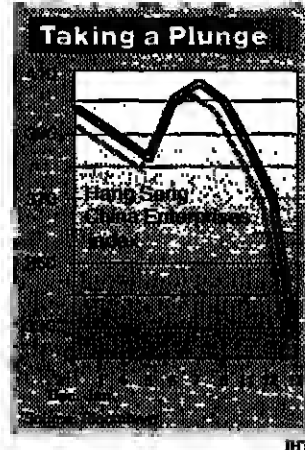
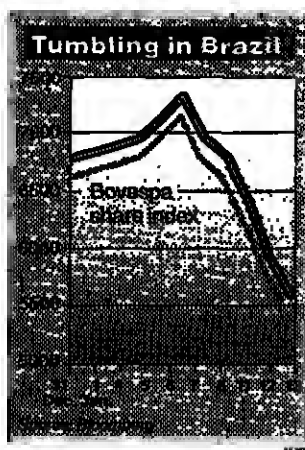
Investors sold stocks after a subsidiary of Guangdong Enterprises (Holdings) Ltd. announced that its parent company had debts of \$2.94 billion and could not make principal payments to creditors due by April. More surprisingly, the subsidiary company, Guangdong (Holdings) Ltd., which is one of the principal shippers of fresh food from China into Hong Kong, said it had debts of \$391 million, at least 50 percent more than most analysts had expected.

Combined with news that Guangdong Enterprises was in serious financial trouble, the announcement about Guangdong sent stocks plunging. Guangdong shares fell 53 percent, while shares of its sister company, Guangdong Investment, fell 24 percent.

Chinese shares have been badly hit since the announcement Sunday that another government-owned company that collapsed in October, Guangdong International Trust & Investment Corp., known as GITIC, had nearly doubled the debts previously figured — more than \$4 billion — and that foreign creditors would not get preferential treatment by liquidators.

Nervousness over bankruptcy proceedings has now taken a toll on lending to many other Chinese companies such as Guangdong. "If not for the GITIC issue, they'd probably be able to

See CHINA, Page 4



A Sao Paulo trader monitoring the plunge of the stock market after Brazil devalued its currency by 8 percent, triggering anxiety on bourses around the world.



Marco Hippocampus/Agence France-Press

Alarms Ring Anew on World Economy

With Global Growth at Risk, 'A Point of No Return Has Been Reached'

By Tom Buerkle
International Herald Tribune

The Dollar

New York	Wednesday 4 P.M.	previous close
Euro	1.1672	1.1595
Pound	1.5482	1.5305
Yen	113.13	112.425
DM	1.6759	1.6812
FF	5.8206	5.872

Dollars per pound and per mark.

The Dow		
	Wednesday close	percent change
↓	-125.12	9,349.56 -1.32%
S&P 500		
		percent change
↓	-5.11	1,234.40 -0.41%
Nasdaq		
		percent change
↓	-3.43	2,317.32 -0.15%

LONDON — After two months of renewed optimism in financial markets that drove stock prices up to record heights, Brazil's decision Wednesday to devalue its currency provided a dramatic reminder that the world economy still has huge imbalances that could undermine confidence in Wall Street and the dollar and slow growth around the globe, economists and analysts said.

The move by Brazil, and the resignation of the president of its central bank, Gustavo Franco, represented a major blow to the credibility of Brazilian policymakers as well as to the United States, its Group of Seven partners and the International Monetary Fund, which worked frantically

last autumn to avoid just such a devaluation. Their failure to draw a line under the Brazilian real with a \$41 billion loan program has revived the threat that the financial instability that swept Asia and Russia during the past 18 months will spread throughout Latin America, economists said.

"I'm very afraid a point of no return has been reached," said Charles Wyplosz, professor of economics at the Graduate Institute for International Studies in Geneva. "It's the big, bad crisis."

"You're bound to get a short-term repeat of all that happened after Russia because people are going to think the worst," said Richard Fox of the credit rating agency Fitch IBCA. "Argentina will be next in the line of fire."

See SHOCK, Page 11

France Proposes End to Oil Ban on Iraq

Breaking With U.S. and U.K., It Urges a New Form of Arms Monitoring

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Formally breaking with the United States and Britain, France proposed Wednesday that the oil embargo on Iraq be lifted and that a new kind of arms monitoring be created to prevent President Saddam Hussein from rearming.

Newsweek Prices

Bahrain	1,000 BD	Malta	55 c
Cyprus	C.E. 1.00	Nigeria	125.00
Denmark	17 DKr	Oman	1,250 O.R.
Finland	12.00 FM	Qatar	10.00 Q.R.
Gibraltar	£ 0.85	Rep. Ireland	IR £1.10
Great Britain	UK £1.00	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R16 ind VAT
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kenya	K.S. 160	U.S. Mtl. (Eur.)	\$ 1.20
Kuwait	700 Fils	Zimbabwe	Zm. 540.00

"The embargo has become the wrong tool to achieve the goals of the Security Council," said the French proposal, which was circulated to all council members. "It needs to be lifted."

Most of the major points in the French proposal were rejected in advance by the United States. Keeping Mr. Saddam under tight sanctions, including forbidding him to sell oil freely, has been central to American policy.

On Wednesday, the State Department spokesman, James Rubin, said there were "some positive elements" in the French proposals. But he reiterated the American position that sanctions could not be lifted until Iraqi arms programs were rendered harmless.

[American warplanes patrolling the no-flight zone over northern Iraq attacked several surface-to-air missile installations Wednesday after being targeted by Iraqi radar, U.S. officials said. The Associated Press reported from Washington. Initial reports said at least one Iraqi missile was fired but missed the planes.

[The U.S. F-15s and F-16s en-

countered Iraqi radar at five or more air-defense sites at about the same time. They fired missiles and precision-guided munitions in response, and early indications were that there were two direct hits, U.S. officials said.

The incidents underscored an increasingly aggressive Iraqi challenge to the no-flight zones enforced by American and British planes in northern and southern Iraq. Mr. Saddam has nearly doubled the number of surface-to-air missile batteries in the zones and has been using them with increasing frequency to threaten allied pilots.

The French said that the embargo, which the council linked nearly eight years ago to a rigorous arms-inspection system, could no longer be defended because "it hurts the people of Iraq and keeps them hostages of their authorities."

France would lift only the embargo initially, leaving other sanctions such as a ban on international air travel in and out of Iraq in place, to be lifted only if

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AGENDA

Scathing Reaction To U.S. Sanctions

Russia reacted angrily to U.S. sanctions on three research institutes suspected of allowing technology transfers to Iran, saying the sanctions are "groundless" and "counterproductive." Page 5.

The baseball that Mark McGwire turned into his record 70th home run last year sold for \$2.7 million, plus fees, at an auction of sports memorabilia in New York. Page 16.

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Charges Against Anwar Altered by Government

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — The government on Wednesday rewrote its corruption charges against Anwar Ibrahim, the former deputy prime minister of Malaysia, effectively eliminating the need to prove allegations of sodomy and sexual impropriety.

The prosecution will now focus more closely on charges that Mr. Anwar directed police to obtain denials from two people who had accused him of sodomy.

The government's sudden changes, which were accepted by Judge Augustine Paul, could, by limiting the scope of the trial, significantly shorten it.

That could prove beneficial to the government, which is considering calling general elections soon, and would probably see the trial as a distraction.

Mr. Anwar, whose arrest, beating and trial have rocked the political establishment, was infuriated.

"They have already stripped me naked," he said to reporters in the courtroom. "Now they are amending the charges."

The past 11 weeks of the trial have been filled with evidence designed to prove his homosexuality: a semen-stained mattress, DNA tests and a witness who said he was Mr. Anwar's "sex slave." The trial proceedings are reported almost verbatim in newspapers here.

"Having smeared his reputation, it is now unjust and highly prejudicial to the accused if the charges were allowed to be amended as proposed," said Raja Aziz Addruse, Mr. Anwar's lead counsel.

Mr. Anwar was more terse: "They cannot prove, they change."

In his ruling on the matter, the judge said: "I'm of the view that it's no real substantive change. The accused isn't prejudiced by these amended charges."

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THE AMERICAS

2 Key Votes Late This Month Expected to Shape Impeachment Trial

By Alison Mitchell
and Eric Schmitt
New York Times Service

WASHINGTON — When the impeachment trial of President Bill Clinton resumes Thursday, the House and the White House will be arguing not only over whether the president should be removed from office. They will be trying to shape the outcome of a critical series of votes this month that could decide whether the impeachment saga ends abruptly or ventures into uncharted territory.

For unlike a normal courtroom drama, the trial of the nation's 42nd president will not necessarily take a steady and straight path to an uncertain verdict decided by an impartial jury. In fact, most senators think the verdict in this case is already known: that the Senate will never put together the two-thirds vote, or 67 senators, needed to remove Mr. Clinton from the presidency.

What is in doubt is how long it will take the Senate to get to the acquittal and at what cost to the Congress and to majority Republicans.

Some answers will come in late January. Under the bipartisan trial plan approved last week, senators face a pair of decisions the week of Jan. 24 after the House and White House complete open-

ing arguments. First, whether by majority vote to make a quick exit and simply end the proceedings and, next, whether to vote to open the door to sworn testimony from witnesses.

No one now knows how those votes will turn out. "It is really way too early to tell," said Senator

NEWS ANALYSIS Larry Craig of Idaho, a member of the Senate Republican leadership. Senator Susan Collins, Republican of Maine, said, "The trial will have a dynamic of its own that makes it unpredictable."

But if the coalitions that are likely to form are uncertain, the math of the Senate is clear. If the Senate trial is to end quickly, Democrats need to hold all 45 of their own members and then draw 6 of the 55 Republicans over to vote with them to dismiss the case or to prevent witnesses from being called. A vote against witnesses would probably clear the way for the final vote on the two articles of impeachment, charging Mr. Clinton with perjury and obstruction of justice.

Democrats hope that possible converts could come from the ranks of such Republican moderates as Ms. Collins, Olympia Snowe of Maine, John Chafee of Rhode Island and James Jeffords of Vermont. Another possible pool of sup-

port is from the Senate barons who balk at the idea of sullying their institution by hearing Monica Lewinsky testify in the Senate chamber about the nature of her relationship with Mr. Clinton.

This group could include such senators as Ted Stevens of Alaska or Pete Domenici of New Mexico or even Trent

Lott, the majority leader from Mississippi. Mr. Stevens said Tuesday that "I don't think you make up your mind until you hear the very last word that is said."

But he showed some impatience with the case when he noted that he had spent the weekend looking at 8,000 pages of the record made in the House. "There's enormous redundancy in that record," he said, "enormous redundancy."

And last week Mr. Lott said of witnesses, "I want somebody to show me why X, Y and Z witnesses might be needed, what they might testify to and some justification." He added, "And I have to tell you I have to be persuaded because I'm not, you know, all that excited about the prospect."

Still, given that many Republicans do not want to undercut the House Re-

publicans, the vote on whether to just dismiss the case after opening arguments is widely considered unlikely to pass.

Many Democrats, however, think that it could be a useful test vote.

For if it shows that there is almost majority sentiment to end the trial and that there is no way to reach the 67 votes needed to convict Mr. Clinton, they argue that it could persuade more Republicans to vote against hearing from witnesses.

"If there's a motion to dismiss and you can't get 51 votes, how much short of that will you be?"

"If there's a motion to dismiss and you can't get 51 votes, the question is how much short of that will you be?" asked Senator Christopher Dodd, Democrat of Connecticut. "Is it 48? 45? Is it 39? These numbers can have a large impact on what will occur next."

White House lawyers have said they will be aggressive in any discovery period. And Senator Tom Daschle, the minority leader from South Dakota, warns that his party will not necessarily be pushing any longer for a quick outcome once witnesses are allowed.

Chafee said in an interview. "That doesn't mean an army," Ms. Collins has also been an avid supporter of a limited number of witnesses to clear up conflicting testimony.

Moreover, some Republicans who are savvy about the internal dynamics of their caucus say that if the motion to dismiss the case fails, then it is only logical that the Senate will vote to allow the trial to proceed with the questioning of witnesses. "I'm very confident that would be successful," said Senator Mitch McConnell of Kentucky.

He pointed out that the vote only allows the House and White House to depose witnesses in private. New majority votes are needed to bring any of the witnesses onto the floor to testify. "What is very hard to handicap is a vote on live witnesses," Mr. McConnell said.

If the Senate votes to allow witnesses to be deposed, it could throw the chamber into an uncertain hiatus, for the deal struck last week did not include any agreement or details on how much time would be given for the questioning.

White House lawyers have said they will be aggressive in any discovery period. And Senator Tom Daschle, the minority leader from South Dakota, warns that his party will not necessarily be pushing any longer for a quick outcome once witnesses are allowed.

"Obviously a lot of us will change our positions if the senators chose to allow the House to bring witnesses," he said in an interview. "Then many of us would feel equally strongly about the White House's opportunity to bring witnesses. We want symmetry, some balance."

Can Republicans risk that uncertainty? No matter where they stand on whether Mr. Clinton should be removed from office, Senate Republicans do have an overriding goal: They want to come out of the impeachment process with their chamber's dignity intact so they do not risk their majority.

And on Tuesday they received a warning. As they caucused in private to plan a legislative agenda for the year, they received polling data about the November election from Linda Divallo, a Republican strategist.

The data comprised an assessment of where the party should stand on issues, but they also contained the disturbing news that voters most often mentioned the Republicans' handling of the Lewinsky matter as the factor that caused them the greatest concern about continuing Republican control of Congress.

So one by one, senators emerged from the caucus, insisting that the ongoing trial does not mean that legislative work on issues such as Social Security, Medicare and tax relief would stop.

Limit Sought on Inciting of Violence

Protected Speech of Anti-Abortionists on Web Challenged in Court

By Sam Howe Verhovek
New York Times Service

PORTLAND, Oregon — "The Nuremberg Files: Visualize Abortionists on Trial," proclaims the site on the World Wide Web. With simulated blood dripping from fetus parts, the site reads a cyber-visitor to the "main archive," listing the names of dozens of doctors and clinic workers around the country who provide abortions.

For some of the people whom the site calls "baby butchers," the information includes photographs, home addresses, license plate numbers, the names of their spouses and children. A few doctors have a line through their names,

denoting that they have been killed; those who have been wounded have their names listed in gray.

For a federal court jury here, hearing a civil case brought by Planned Parenthood and several doctors against some of the most militant abortion opponents in the country, the trial will boil down to this question: Is the Web site constitutionally protected free speech?

The plaintiffs, who are seeking up to \$200 million in damages, have brought their case under the 1994 Federal Freedom of Access to Clinic Entrances Act, which makes it illegal to use "force or threat of force" against anyone seeking or providing an abortion, and allows clinics to seek unlimited damages if abortion

workers are harmed or intimidated. But as simple as the question before the jury sounds, the legal issues are not.

For one thing, this is first major case brought under the law that does not involve direct personal threats or an actual physical confrontation. And while the plaintiffs say the web site amounts to a solicitation of murder, the defendants contend that it is a legal informational tool.

"A coalition of concerned citizens throughout the U.S.A. is cooperating in collecting dossiers on abortionists in anticipation that one day we may be able to hold them on trial for crimes against humanity," explains the site, which is named for the German city in which Nazis were put on trial after World War II. "We anticipate the day when these people will be charged in perfectly legal courts once the tide of this nation's opinion turns against the wanton slaughter of God's children."

But abortion is legal. And in the climate surrounding the issue — the National Abortion Federation says there have been seven killings, 15 attempted murders, 99 acid attacks, 154 arson incidents and 49 bombings involving abortion clinics or workers in the last two decades — the plaintiffs here say that radical anti-abortion groups are clearly using devices like the Web site to incite more violence and deny women access to abortion services.

But the roster of 14 defendants, which included the American Coalition of Life Advocates, an umbrella group that has been described as too extreme by more mainstream anti-abortion groups, said most of the information they provide could be found in telephone directories.

Furthermore, they said, nothing in the "Nuremberg Files" specifically advocates violence against the doctors or clinic workers. The site does include links to other Web pages that defend killing abortion workers as legally justifiable homicide and to a letter from prison from Paul Hill, who murdered a doctor in Pensacola, Florida, in 1994. In it, he describes "the joy I felt after shooting the abortionist, and still feel today."

In opening arguments last week, Chris Ferrara, a lawyer for the defendants, said the case was baseless. "This is a case about the threat to kill or injure, which is simply not there," he said. "Opinions? Yes, sometimes harsh. But no violence."

U.S. District Judge Robert Jones has turned down requests from the defendants to dismiss the case outright, in effect ruling that the Web site was not automatically protected free speech.

Quoting an appeals court ruling in another case, Judge Jones wrote that "alleged threats should be considered in light of their entire factual context, including the surrounding events and the reaction of the listeners."

And, issuing his opinion against dismissing the case, he said it should go to a jury because "there is substantial evidence of record from which a rational trier of fact could conclude that the defendants in this case were aware of and promoted the atmosphere of violence surrounding the anti-abortion movement."

Rehnquist Suffers No Fools Gladly

WASHINGTON — Impeachment lawyers can stay on Chief Justice William Rehnquist's good side by following a few rules: Be prepared. Speak plainly. And for heaven's sake, get his title right.

"Take care not to waste anyone's time," advised Charles Cooper, a former law clerk to Justice Rehnquist who has frequently argued before the Supreme Court. "Keep the matter focused because the chief has a real knack for not letting a proceeding meander into irrelevant details."

The chief justice often sharply rebukes lawyers who misstep during Supreme Court arguments. Even the independent counsel, Kenneth Starr, drew a verbal slap when, as the Justice Department's top courtroom lawyer, he argued a case in early 1993. "Let me share with you a bit of the record in the case," Mr. Starr began, and within seconds Justice Rehnquist cut in: "Why don't you just tell us about the record, rather than share it with us."

But an impeachment trial is new territory, and it is unknown whether Justice Rehnquist, as presiding officer, will be as strict. (AP)

\$1 Billion Sought For Parks and Land

WASHINGTON — President Bill Clinton has asked Congress to spend \$1 billion in the year 2000 to buy more land for national parks and other conservation purposes, possibly including private holdings within public forests and refuges in New York state and the northern New England states.

The proposal included the purchase of 450,000 acres (180,000 hectares) in and around Mojave and Joshua Tree national parks in California, in the Florida Everglades and at various Civil War battlefields. If Congress approves the request, the expenditure would be the federal government's largest for land purchases in any single year, more than double what the government is spending this year.

Justice Department Joins Indians' Suit

NEW YORK — The federal government has joined the Onondaga Indians in a lawsuit that contends the state and local governments unlawfully acquired 270,000 acres of land in central New York from the Indians nearly 200 years ago, whittling down what had been a sprawling reservation into a meager 32-acre plot. Although the Onondagas' land claim has been winding its way through federal courts since 1970, the victim of fruitless settlement negotiations between the Indians and three different New York governors, the intervention of the Justice Department has galvanized the attention of state and local officials.

In particular, lawyers for the Justice Department and the Onondagas have provoked widespread anxiety and anger among private landowners by seeking to expand the suit to name not just the state, but also some 20,000 property owners in central

Defiant Clinton Renominates Gay Man

By Philip Shenon
New York Times Service

WASHINGTON — President Bill Clinton has defied senior Republican lawmakers by renominating a prominent San Francisco philanthropist as ambassador to Luxembourg, a post in which he would be the first openly gay American envoy, according to White House and congressional officials.

They said Tuesday that the nomination of the businessman, James Hormel, 66, was quietly resubmitted last week to the Senate, where he died last year because the majority leader, Trent Lott, refused to put it before the full Senate for a vote.

"Mr. Hormel is eminently qualified and he has solid bipartisan support in the last Congress," a White House spokesman, Barry Toiv, said. "We were confident then and we are confident now that if the nomination were

brought to the floor of the Senate and there were a fair up-or-down vote he would be confirmed. We hope that is what will happen this year, and soon."

The nomination of Mr. Hormel, heir to the Hormel family meat-processing fortune and a former dean at the University of Chicago Law School, had received broad bipartisan support in the Senate. Congressional officials agreed that he would have probably been confirmed in a full Senate vote.

The nomination was approved by the Senate Foreign Relations Committee, which is led by Senator Jesse Helms, Republican of North Carolina, who is generally considered not friendly to the gay rights movement.

A spokesman for Mr. Lott, Republican of Mississippi, had no immediate comment on the renomination. Mr. Lott decided to refuse to allow a vote on the nomination last year. In an interview earlier in 1998, he described

homosexuals as sinners who like alcoholics and kleptomaniacs could overcome their affliction.

Mr. Hormel's nomination was aggressively opposed by a conservative religious organization, the Traditional Values Coalition, which provided senators with copies of sexually explicit material from a special gay-research center named for Mr. Hormel at the San Francisco Public Library.

Mr. Hormel, who has said he had nothing to do with the selection of books and magazines for the library, has long provided financial support to gay-rights causes. He has also given large donations to causes like breast-cancer treatment and the San Francisco Symphony.

The government of Luxembourg, where discrimination on the basis of sexual orientation is outlawed, has said it would welcome Mr. Hormel's confirmation.



THEATRICAL — Hillary Rodham Clinton, left, applauding cast members Glenn Close, Natalie Portman and Shirley Knight of "Necessary Targets," a reading based on the Bosnian war, at Washington's Kennedy Center.

Jones Gets Clinton's \$850,000 Check

President Settles Case With Personal Money, Mostly His Wife's

By Peter Baker
Washington Post Service

WASHINGTON — President Bill Clinton has sent an \$850,000 check to Paula Jones, finally closing out the sexual harassment lawsuit that continues to imperil his presidency, and, in a surprise move, financed nearly half the settlement with his own money.

To come up with the funds he agreed to pay two months ago, the president had to take \$375,000 out of a blind trust containing investments for him and Hillary Rodham Clinton. The other \$475,000 came from a separate deal with an insurance company that funded part of his legal defense and agreed to buy out the president's personal liability policy.

The decision to use personal money, most of it made by the first lady, who has been the family's major breadwinner during his 25-year political career, was a painful reversal for the president, who agreed to settle the case

after being told by advisers that they would be able to come up with the cash independently.

But in the intervening weeks, Mr. Clinton's lawyers discovered they could not tap his legal defense fund because it was restricted to paying attorney fees and expenses. They also failed in efforts to pressure another insurance company into a separate buyout.

With opening arguments starting Thursday in his impeachment trial on charges that he lied under oath and obstructed justice in the Jones case, Mr. Clinton's financial predicament was a troubling without provoking new criticism by agreeing to accept loans or outside donations from wealthy friends.

Mr. Clinton settled the case Tuesday after four and a half years of legal battling that went all the way to the Supreme Court and ultimately led to the process that uncovered his affair

with Monica Lewinsky.

Mrs. Jones accused Mr. Clinton of luring her to a Little Rock, Arkansas, hotel suite during a state conference May 8, 1991, when she was a \$4.93-an-hour state clerk and he was governor of Arkansas. Mr. Clinton, she alleged, flattered and kissed her, dropped his pants and asked for oral sex, an advance she said she rebuffed. The president adamantly denied doing so and persuaded a federal judge to dismiss the lawsuit last April on the grounds that, even if it were true, Mrs. Jones was not harmed seriously enough to justify a sexual harassment claim.

Mrs. Jones appealed and after the independent counsel, Kenneth Starr, accused Mr. Clinton of committing perjury and obstruction of justice during her case, the president decided to settle rather than take a chance on the suit being reinstated and sent to trial. He admitted no wrongdoing as part of the settlement and Mrs. Jones dropped her demand for a confession and apology.

Supreme Court Backs Ballot Initiatives

In a Split Decision, Colorado Loses Aggressive Effort to Regulate Petitions

By Joan Biskupic
Washington Post Service

WASHINGTON — The Supreme Court has struck down a state's aggressive effort to regulate ballot initiatives in a decision extolling the free speech rights of people who circulate such petitions and sending a strong warning to legislators who try to rein them in.

In a split decision Tuesday, the justices rejected Colorado's requirements that people who circulate petitions wear identification badges, be registered voters in the state and be subject to requirements on how much they were paid to collect signatures.

The decision is likely to be carefully evaluated by state lawmakers around the United States who have been overwhelmed in recent years by a flurry of ballot initiatives. The initiatives are permitted in 24 states and Washington, and have been used to rewrite state laws governing everything from term limits and tax cuts to gay rights and the legality of assisted suicide.

But as the populist tool has developed into a multimillion-dollar industry dominated by professional firms and powerful national lobbyists, states increasingly are trying to devise ways of regulating the process. And Colorado, which has seen an abundance of initiatives on the ballot this decade, has been at the forefront of that effort.

In their decision Tuesday, the justices made clear that regardless of how commercialized the process has become, they still view the initiatives as an important form of free speech.

"The First Amendment requires us to be vigilant," Justice Ruth Bader Ginsburg wrote for the court, "to guard against undue hindrances to political conversations and the exchange of ideas."

Chief Justice William Rehnquist dissented from the ruling entirely. Justices Sandra Day O'Connor and Stephen Breyer dissented only on the portion of the opinion striking down voter regis-

tration and financial disclosure requirements.

Dissenting justices, as well as a Colorado official, warned that the ruling would make it harder for states to protect the integrity of petition drives. But advocates of the process said the decision safeguarded an important access that citizens have to the political process.

The ironic effect of the opinion Wednesday, Justice Rehnquist wrote, is that, in the name of the First Amendment, it strikes down the attempt of a state to allow its own voters to decide what issues should go on the ballot.

Away From Politics

Los Angeles pupils are learning English more quickly than anticipated, elementary-school teachers in districts with large immigrant populations are reporting six months after the implementation of Proposition 227, the California anti-bilingual education ballot initiative. (LAT)

A motorist apparently lost control of her Cadillac and crashed into the Waxahatchie, Texas, post office, killing a woman and injuring five people. No charges had been filed against the 77-year-old driver, who was parking in front of the facility in the rural north Texas city. (AP)

The Border Patrol can be sued for allegedly stopping drivers in southern Arizona just because they look Hispanic, a federal appeals court ruled. (AP)

Police officers arrested a Reno, Nevada, construction worker and planned to charge two Marines in California as well in the slaughter of 34 wild horses shot to death in Nevada with high-powered rifles. (AP)

A veteran stuntman died after a rough landing during a dangerous car chase scene during filming for an episode of the television show "Walker, Texas Ranger." (AP)

ASIA/PACIFIC

China Goes After Corruption, Making a Political Point

By Seth Faison
New York Times Service

SHANGHAI — The Chinese press is hailing out one big fish after another, as each is caught in the net of a national campaign against corruption and smuggling. The point, as with all political campaigns in this country, is to show the virtuous determination of the authorities, without too much concern for details such as evidence or legal procedure.

The culprit featured last weekend was Chu Shijian, who led the largest Chinese tobacco company for 17 years, operating an extensive cigarette-smuggling operation and, according to the official version of events, embezzling \$3.5 million. A court in Yunnan Province, presumably with guidance from Beijing, sentenced him to life in prison.

Last week the chosen offender was a deputy minister of public security, Li Jizhou, who supervised anti-smuggling operations. Mr. Li was the highest-ranking security official ever charged with

corruption in Communist China, and it seemed particularly galling that an anti-smuggling inquiry should yield even the man heading anti-smuggling operations.

But these cases, like dozens of other corruption cases that have come to light in recent weeks, seem to be more about politics than about crime, and more about who has connections or who has lost connections than about legal evidence.

Corruption has become so extensive in China that people frequently tell poll takers it is the gravest threat to the country. Smuggling has become a particularly shocking variety of lawlessness, because even the government now admits that the main perpetrators are military and police officials.

Yet smuggling has been rampant for years, as economic growth has fed demand for imported goods, which normally carry extremely high import duties. Official estimates indicate that goods worth \$30 billion — cars, oil, computers, mobile telephones and cigarettes, above all — were smuggled into China in 1998.

The true figure may be far higher.

The relevant question is why, after turning a blind eye to smuggling for years, did President Jiang Zemin order a crackdown last summer? Why have a series of big cases been trumpeted over the last month, at a time when a series of dissidents were jailed?

The political system is still so secretive that no one outside a small inner circle in Beijing can know for sure. Yet the crackdown on smuggling, corruption and political dissent may be part of a larger effort to appear aggressive at the opening of 1999, a year with sensitive anniversaries.

This year includes the 10th anniversary of the massacre near Tiananmen Square, as well as the 50th anniversary of the founding of the People's Republic of China, an event that is important for leaders to celebrate without disruption.

The obvious message that Beijing would like to send is that it is tolerating no funny business. The message is directed at local officials around the nation, as well as at potential dissidents.

With such a political campaign under way, corruption cases are generally prosecuted for political, rather than legal, reasons. As most Chinese officials know, the most useful rule of thumb in determining who is prosecuted for corruption is looking at who lacks connections.

Corruption exists throughout the vast bureaucracy and in state-owned companies. When prosecutors are looking for someone to be used as an example they invariably settle on those whose connections are weak and then find the evidence as needed.

Chinese officials and business people familiar with specific cases say particular charges are often a mixture of real and falsified allegations by the "discipline inspection" teams that formally investigate wrongdoing.

Mr. Chu, the tobacco boss, was routinely praised as one of the leading businessmen, no doubt in part because he was close to the longtime Communist party secretary of Yunnan Province. Only in 1996, when the party secretary

was unexpectedly dismissed, did Mr. Chu become a target.

For years Mr. Chu played the same games as managers of state-owned companies all over China, hiding huge parts of company revenue and spending most of it on new machinery, employee housing and modern offices. Like other managers paid a paltry salary — Mr. Chu's was \$250 a month — he apparently also hid a few million for himself.

Businessmen in Yunnan said it was an open secret that Mr. Chu's company was earmarking a major part of its cigarettes for export and then smuggling them back to China, to avoid heavy duties. The local authorities had no objection to Mr. Chu's operations, it seems, until his political backing fell away.

Business people often say that if the authorities were truly serious about eliminating smuggling they could remove its root cause, high duties. Duties on cars, for example, generally exceed 200 percent. But in public meetings on smuggling that issue is rarely raised.



HITCHING A RIDE — With railroad security measures relaxed and cheap public transportation in short supply, schoolchildren rode on the roof of a commuter train toward Jakarta on Wednesday.

ANWAR: Government Adjusts Charges

Continued from Page 1

In the new charges, prosecutors changed the words "sodomy committed by him" to "allegations of sodomy." Where the charges had read that Mr. Anwar acted "in order to protect himself from criminal action or proceedings" the prosecution substituted: "to save himself from embarrassment."

Mr. Anwar's wife, Azizah Irmali, said the government's move showed the weakness of the original charges.

"The prosecution set out to prove to the world that Anwar Ibrahim is a sodomist and guilty of sexual misconduct," she said. "These allegations collapsed. Anwar will be vindicated with the grace of God."

Mr. Anwar is also charged with separate counts of sodomy, but it is unclear what the latest development means for those charges, which were scheduled to be heard once the current trial is over.

With the prosecution's case nearly over, lawyers say the defense could start calling witnesses as early as next week.

Defense lawyers said Wednesday that they intended to call to the stand Mr. Anwar, Prime Minister Mahathir bin Mohamad, who fired Mr. Anwar in

September, and Finance Minister Daim Zaiduddin.

The trial is widely perceived to have tarnished some key Malaysian institutions, most notably, perhaps, the police. Police officers have testified during the trial that they intimidated witnesses in all-night interrogation sessions in order to get them to change their statements.

Police also beat Mr. Anwar when he was in custody in September, leaving him badly bruised. His arrest followed a protracted political battle between Mr. Anwar and Mr. Mahathir, his former mentor.

Mr. Mahathir said in an interview published Wednesday that Mr. Anwar's political future was in the hands of the court.

"If the court decides he is guilty he will not be active," Mr. Mahathir was quoted as saying in the local media. "If he is not guilty I am sure he will be active. But it will take time."

Mr. Anwar was the prime minister's appointed heir before the two men had a falling out.

Last week Mr. Mahathir appointed Abdullah Ahmad Badawi to replace Mr. Anwar.

BRIEFLY

U.S. Urges China To Halt Crackdown

WASHINGTON — U.S. officials urged Chinese counterparts to halt a crackdown on dissent during two days of talks here but agreed only to meet again later this year, a senior U.S. official said Wednesday.

"We put proposals on the table and they're looking at them," Assistant Secretary of State for Human Rights Harold Koh said, a day after U.S. and Chinese officials ended their first human rights dialogue in four years.

"We're in this for the long haul," he said, adding that systemic changes would take time and calling the talks "blunt." (APF)

Indonesian Brawl Turns Into Rioting

JAKARTA — At least three people were killed in a three-day riot triggered by a mass brawl between youths from two neighboring villages, police and news reports said Wednesday.

At least 87 houses were burned and thousands of people were evacuated from the villages in South Sulawesi, the afternoon daily Suara Pembaruan reported.

The villages are located near Palopo, about 1,320 kilometers (825 miles) northeast of Jakarta. (APF)

Fighting Erupts North of Kabul

KABUL — The Taliban militia and forces loyal to Ahmed Shah Masood, the main opposition commander, clashed north of Kabul, travelers and residents said.

They said the fighting, which began on Tuesday and continued well into the night, was the first in more than four months at the front line on the so-called Old Road, 25 kilometers (16 miles) north of Kabul. It was not immediately clear who started the fighting but both sides used artillery, mortars and tank shells, the witnesses said. (Reuters)

High Lead Levels In Dhaka Children

DHAKA — Tests on children in the Bangladesh capital have found levels of lead in the blood at least eight times higher than World Health Organization recommendations, a child neurologist said Wednesday.

"Our worst fear is that there may be tens of thousands of children in Dhaka exposed to lead pollution," Dr. Naila Khan told reporters after a health seminar.

She said poor children who lived in shanties were the worst affected by the air pollution. "A test on blood samples on patients at a Bangladesh children's hospital has shown an alarming presence of lead, responsible for various problems hitherto unknown to their parents," Dr. Khan said. (Reuters)

CHINA: Another Firm Reveals Huge Debt Burden, Shaking Confidence and Raising Fears of a Credit Crunch

Continued from Page 1

"keep borrowing to roll over their debts," said Ken Liu, a China analyst at Credit Suisse First Boston in Hong Kong.

"But now," he said, "they probably don't even have working capital."

"Investors no longer trust" the so-called guaranteed earnings of China assets and just want to be free of them," Stanley Ng, head of research at Mansion House Securities, told AFP.

For the Chinese companies, the timing is awful. A report late last year by Goldman Sachs & Co., ironically now serving as an adviser to Guangdong Enterprises, said the parents of many red-chip companies had "borrowed aggressively" over the past two years and put most of the proceeds into the stock and property markets. "Given the devastation to property and equity prices since the start of the

Asia turmoil," it said, "the red chips must have accumulated huge unrealized losses." The report estimated that the collective debt of the red-chip companies might exceed \$12 billion.

There is growing concern about how the retreat of lenders and investors will affect the broader economy of mainland China, which is already slowing. Last week, the Finance Ministry painted a gloomy picture of Chinese economic prospects this year and said it would increase government spending to try to bolster growth.

One of the many questions investors need answered is which of the several publicly traded companies in the Guangdong Enterprises group will actually survive. On Tuesday, the Guangdong provincial government said it would pump money into Guangdong Enterprises to help the company pay debts.

"The Chinese government has to think through the ramifications of letting Guangdong Enterprises fail," a senior analyst with a U.S. investment bank said. "Forcing GTIC to fail was probably more damaging to confidence in Hong Kong than they had envisioned. Letting Guangdong Enterprises fail would be even worse."

Kalina Ip, an analyst at ABN-AMRO Asia, said she was confident that most of the companies in the Guangdong Enterprises Group would survive, but she pointed to another chronic problem with mainland Chinese companies: How could a dull, predictable food business such as Guangdong have accumulated such heavy debts — as much as 60 percent more than what most analysts had been led to expect?

"Nobody has any idea how they got the debt so high," she said. "It seems to

tell you that you can't trust the published accounts."

The tone of the company's announcements in Hong Kong newspapers Wednesday signaled a very different and much more blunt attitude about the financial horizons of most Chinese companies are now negotiating.

In a striking announcement, Sun Guan, the chairman of the food-shipping subsidiary Guangdong, described the causes of his parent company's financial difficulties as: bad investment decisions that did not take into account business risks; imprudent lending decisions without proper credit evaluation; inappropriate accounting for various transactions and tardiness in recognizing write-downs, and poor decisions regarding oversight, investment leverage and accounting policies.

In the past, investment analysts who

have leveled much milder criticism at politically connected companies, or even just rated them as a "sell," have been fired for doing so.

Obviously for bankers with loans outstanding to the group, the Guangdong chairman also said, "The financial magnitude of these problems are still in the process of being determined."

The announcement of Guangdong's problems, the result of a creditors' meeting the day before, were the last thing that international bankers wanted to hear. Still fuming from China's peremptory treatment of them at a GTIC creditors' meeting Sunday and what they see as a betrayal by China's authorities in their failure to repay GTIC's debts, they are fighting back the only way they know how — by pulling in lines of credit and declining to roll over loans for working capital.

Coalition Pact Ready in Japan, 2 Parties Report

The Associated Press

TOKYO — Japan's governing party and a major opposition group agreed Wednesday on their last remaining point of contention in talks to form a coalition government.

The governing Liberal Democratic Party and the Liberal Party compromised on the country's international military role, clearing the final hurdle.

"No more issues remain to be resolved as a precondition to forming a coalition," said the Liberal Party's secretary-general, Takeshi Noda.

The two parties had wrangled for weeks over policy differences, stalling the plan to increase the governing party's weak grip in Parliament, which convenes Tuesday.

Prime Minister Keizo Obuchi returned from Europe on Wednesday hoping to be able to reshuffle his cabinet Thursday and give a portfolio to the Liberals to seal the coalition. But negotiations were snarled until the last minute over the Liberal Party's demands to expand Tokyo's military role in United Nations military operations.

The Liberal Party has pushed for a reinterpretation of Japan's pacifist constitution to allow greater freedom for the military overseas, but the Liberal Democrats opposed that. The two sides finally agreed to allow Japan's Self-Defense Forces to "actively participate and cooperate" in UN peacekeeping missions if asked to do so by the organization.

But the Liberal Party backed down from its demand to allow Japan to assist in operations that involved military force. The Liberals had wanted to allow the Self-Defense Forces to be able to provide medical aid in combat areas.

The constitution prohibits the country from participating in missions that use force to settle international disputes. The Liberal Party had also asked for a clearer definition of the country's responsibilities under updated U.S.-Japan security guidelines. The two parties agreed to hold discussions on that issue.

With differences ironed out, Mr. Obuchi was expected to offer a cabinet post to the Liberal Party leader, Ichiro Ozawa, but it was unclear if he would accept.



Laurie Flynn, a Senate employee, unpacking boxes of impeachment evidence and testimony.

CLINTON: Breaking His Silence on Trial, He Expects 'the Right Thing' in Senate

Continued from Page 1

conviction, which would be the first in U.S. history, would dangerously and lastingly change the balance of power in the American system.

"Removing the president on these facts would substantially alter the delicate constitutional balance and move us closer to a quasi-parliamentary system, in which the president is elected to office by the choice of the people, but continues in office only at the pleasure of Congress," the brief said.

Mr. Clinton, in his comments to reporters, touched on such a defense.

"Why did nearly 900 constitutional experts say that they strongly felt that this matter was not the subject of impeachment?" he asked.

The president apparently was referring to an open letter in October in which hundreds of leading historians and presidential scholars, including Arthur Schlesinger Jr., Stephen Ambrose and Doris Kearns Goodwin, wrote that "the current charges against him depart from what the Framers saw as grounds for impeachment."

Mr. Clinton added: "My opinion is not important here. My opinion is that I should be doing my job for the country. And other people should be handling the defense and dealing with this issue."

The comments were his first on impeachment since the trial formally opened last week, before

being adjourned until Thursday. Keeping a low profile, Mr. Clinton broke with normal practice Monday by not holding a news conference with the visiting Argentine president, Carlos Saul Menem.

Throughout the crisis, which began nearly a year ago, Mr. Clinton has insisted on his ability to continue the work of the presidency unimpaired.

His aides have frequently wanted his ability to focus and "compartmentalize" — an ability that was tested again Wednesday, when world financial markets were rattled by fears over the stability of the Brazilian economy.

"We have a strong interest in seeing Brazil, with whom we have worked on so many important things around the world, carry forward with its economic reform plan and succeed," Mr. Clinton said. "We certainly hope that they will."

Several prominent political analysts said they believed that Mr. Clinton's ability to lead the world out of economic crisis or downturn remained relatively unimpaired by the scandal.

Robert Reischauer, who was a director of the Congressional Budget Office under both Republican and Democratic presidents, said that Mr. Clinton retained the support of most important world leaders, maintained strong public backing in the United States, and benefited from widely respected teams in the Treasury and State Departments.

The U.S. ability to lead in a global crisis "really

would not be much diminished by the president's own problems," Mr. Reischauer added at a Brookings Institution briefing on "The Weakened Presidency."

Asked by reporters whether he would refer to the Lewinsky matter in his State of the Union message on Tuesday, Mr. Clinton replied: "I think the American people have heard about that quite extensively over the last year. My instinct is I should do their business."

The House prosecution plan, as outlined in memoranda Monday and Wednesday, will seek to demonstrate that Mr. Clinton engaged in a scheme to conceal his relationship with Ms. Lewinsky later to damage her credibility.

The 13 House prosecutors, each given separate roles in the presentation, will point to the efforts of Clinton aides and friends to find Ms. Lewinsky a job, attempts to hide gifts that Mr. Clinton gave her and possible attempts to coach the president's secretary, Betty Currie, about the Lewinsky matter.

The opening presentations are to be carried by television.

But unless the Senate votes by two-thirds majority to depart from the rules established in the only other presidential impeachment trial, that of Andrew Johnson in 1868, the chamber's deliberations on such key issues as whether to call witnesses and whether to move for early dismissal of the charges will be behind closed doors.

Washington Break-In May Figure in Israel Race

Reuters

JERUSALEM — Israel's raucous election campaign was rocked Wednesday by a break-in at the Washington offices of a U.S. political pollster advising Ehud Barak, the opposition Labor Party's candidate for prime minister.

The incident, which the Israeli media likened to Watergate, threatened to overshadow the opening of a Labor Party convention where Mr. Barak faces opposition to his plans for choosing parliamentary candidates. A spokeswoman for Mr. Barak said it was still a mystery who stole secret records and petty cash from the offices of the pollster, Stanley Greenberg.

EUROPE

European Parliament's Censure Motion on EU Commission Collapses

By Barry James
International Herald Tribune

PARIS — An attempt in the European Parliament to oust the European Union's executive body unraveled Wednesday when the important Christian Democratic group withdrew support for a censure motion.

As a result, the parliamentary revolt against the European Commission was unlikely to get the two-thirds vote needed to succeed.

The Christian Democrats backed down after the commission president, Jacques Santer, threatened to resign if the issue came to a censure vote.

Win or lose, the commission appeared likely to emerge weakened from its battle with the Parliament over charges of graft, cronyism and mismanagement of the EU's 85 billion euro (\$73.9 billion) budget.

The largest group in the Parliament, the Socialists, called for the censure motion in an effort to stop Parliament members from attempting to

focus their criticism on two Socialist commissioners, Edith Cresson of France and Mammé Marin of Spain, who have been responsible for allegedly fraud-ridden programs.

Parliament has a treaty right to dismiss only the entire commission and not individual members. Some members of the 626-seat assembly have been pressing Mrs. Cresson and Mr. Marin to resign individually, but Mr. Santer has made it clear that if they are forced to go, so will he.

When the Parliament refused last month to approve the 1999 budget because of graft and mismanagement charges, the Socialists introduced a censure vote as a substitute for a confidence motion. But in doing this, they touched off an unprecedented movement of revolt among deputies ranging from Greens to the far right.

The revolt was fanned by the commission's decision to suspend an official who took evidence of alleged corruption and cover-ups to the Green party in the Parliament.

Some politicians say the Socialists overplayed their hand and set in motion a procedure that

spiraled rapidly out of control this week. Now the Socialist leader, Pauline Green, says it is no longer a question of confidence but of giving the commission a simple mandate to continue functioning during its final year in office.

Less than two weeks after it successfully masterminded the introduction of the European single currency, the commission's reputation has fallen low.

Mr. Santer, a former prime minister of Luxembourg, once hoped to be renominated, but most observers now say that governments will choose a replacement.

The name of Romano Prodi, a former prime minister of Italy, has been mentioned as a possibility. So has that of Oskar Lafontaine, the German finance minister, should Chancellor Gerhard Schröder wish to get rid of him diplomatically.

Meanwhile, Mr. Santer has endorsed his friend and political ally, Helmut Kohl, former chancellor of Germany, for the job.

Mr. Santer has acknowledged mismanage-

ment, and some corruption cases have been reported to courts in Belgium, Luxembourg and France. None of the commissioners has directly been accused of graft.

Many of the alleged instances of fraud relate to previous commissions.

Others concern outside consulting companies called in because the commission does not have the necessary manpower to carry out all the programs placed under its responsibility by governments.

Officials acknowledge that the commission's humanitarian aid program is an accountant's nightmare, but this is reportedly because money was disbursed without proper checks during emergency situations, such as the Bosnia conflict earlier in the decade.

The amounts involved are relatively small compared with cases of budget fraud involving programs directly administered by member governments.

Mrs. Cresson said that the wave of criticism against her was orchestrated by government-

owned television stations in Germany.

This was in the context, she said, of "a lot of very demagogic talk in Germany about paying too much to the EU budget."

She added that she "absolutely" would not resign.

The commission, which is responsible for proposing and enforcing European legislation, is disliked by many in Europe as a federalizing agency and is often misunderstood because of the complex and bureaucratic nature of its work.

Much of its activity is carried out at a technical level in committees, and the commission is with some justification accused of excessive secrecy.

Mr. Santer has promised a more open and accountable regime, along with an independent means of investigating fraud.

Nevertheless, the commission has made a convenient target for the Parliament, which is flexing its muscles in advance of elections in June and fighting off the popular perception that it is a gravy train in which many of its members habitually fiddle their expenses.

Russia Reacts Angriily To New U.S. Sanctions

By David Hoffman
Washington Post Service

MOSCOW — Russia reacted angrily Wednesday to the U.S. decision to impose sanctions on three more Russian institutes suspected of helping transfer missile and nuclear technology to Iran, saying the charges were groundless and would complicate U.S.-Russian relations.

Prime Minister Yevgeni Primakov denounced the measures as "counterproductive." The Foreign Ministry issued a statement saying the allegations "have no grounds whatsoever" and the three institutes "are in full compliance" with Russian and international law.

Frustrated Russian politicians also leapt on the announcement to vent some anti-American vitriol. Gennadi Zyuganov, the Communist Party leader, said, "The United States of America has imagined that they are a goddamn, prepared to dictate conditions not only to countries, bombing foreign states, but also to ban, and even to dictate conditions to separate universities and scientific laboratories."

The sanctions, announced in Washington on Tuesday by the White House national security adviser, Samuel (Sandy) Berger, bar U.S. dealings with the Scientific Research and Design Institute of Power Technology, the Mendeleyev Chemical Technology University, and the Moscow Aviation Institute. Mr. Berger and other U.S. officials have not publicly detailed the allegations against the institutes, but a U.S. delegation in Moscow late last year outlined the complaints to Russian officials.

The first institute is a leading nuclear reactor engineering facility in Russia, headed until recently by Yevgeni Adamov, who is now Russia's minister of atomic energy. According to U.S. officials, the institute is suspected of helping provide technology to Iran for a small nuclear research reactor which could be used to make weapons-grade material. In a televised interview Wednesday, Mr. Adamov insisted that he had told the U.S. "more than once" that nuclear technology was not being transferred.

The other two schools are suspected of hosting Iranian students seeking nuclear and missile technology. Pavel Sarkisov, dean of the Mendeleyev school, told reporters that only one Iranian postgraduate student is currently enrolled, that he is studying polymers "and there is no way" he is working on



DIG DEEP AND OUT — As an elderly woman begs for money in Moscow, a worker removed fresh snow on Wednesday after a storm.

nuclear issues. Alexander Matveyenko, dean of the aviation school, said it has 28 Iranian students but insisted they do not study missile technology.

"Iran is our neighbor, you understand; we are going to be together forever with this state," he said. "We have a common Caspian, we have common problems, and I don't see why we should not help Iranian students, and other students, those specialties which are not listed as banned by international agreements."

Both the United States and Israel have been pressing Russia for more than a year to close down a broad array of contacts which they claim could provide Iran with

missile and nuclear technology. Russia has repeatedly responded by claiming that it would tighten enforcement of export controls, while Iran has denied that it is receiving such technology.

Ivan Safronchuk, a research fellow at the Center for Policy Studies in Russia who recently wrote a report on the Russia-Iranian connection, said that Russia has put a "satisfactory export control system" on the books. But the rules are not enforced, he said.

"It is only on paper," Mr. Safronchuk said of the export control regime. "The Russian side does not have enough means to enforce this paper."

Kosovars Free 8 Soldiers Amid Some 'Guarantees'

The Associated Press

LIKOVAC, Yugoslavia — In a reprieve for Kosovo's faltering peace process, rebels freed eight Yugoslav soldiers Wednesday after obtaining private incentives from international officials intent on heading off a return to all-out war.

The release of the soldiers averted a threatened assault by the Yugoslav Army to free its men, which would almost certainly have ended the brittle cease-fire in Kosovo.

It came as a result of a concerted effort by international mediators, hundreds of whom are being deployed in Kosovo by the Organization for Security and Cooperation in Europe.

William Walker, head of the organization's Kosovo Verification Mission; Chris Hill, the U.S. peace mediator, and Wolfgang Petritsch, the European Union envoy, held nearly five hours of talks with guerrilla commanders at the headquarters of the Kosovo Liberation Army in the western village of Likovac on Wednesday.

At one point the talks were on the brink of collapse, but in the end, Mr. Walker announced, "We are pleased that, as part of a fair and balanced agreement, the KLA has released the Yugoslav soldiers." Conditions of the soldiers' release remained unclear.

But Mr. Walker acknowledged last-minute "guarantees" made to the Kosovo Liberation Army, which had refused to let the soldiers go without assurances of freedom for nine rebels captured by the army along the Albanian border last month.

"The agreement will contribute to a peaceful resolution to the current crisis," he said.

The army and Serbian officials insisted the release was unconditional.

But it was clear from comments by Mr. Walker and the rebels that it only came about after last-minute assurances — leaving open the possibility that KLA prisoners could be freed later, enabling Serbian authorities to save face.

The Serbian side has insisted that it would not exchange prisoners with the KLA "terrorists."

The promised release, which international officials announced late Tuesday as imminent, hit a snag Wednesday and was delayed for hours while Mr. Walker, Mr. Hill and Mr. Petritsch held talks with the rebels.

A rebel spokesman, Jakup Krasniqi, said as the release was announced shortly before nightfall that he hoped "the promise of three strong international mechanisms will be realized." He did not elaborate. Asked if the Serbs will release KLA fighters in return, he said simply: "They must be released."

The eight army soldiers, held by the rebels since Friday near where they were seized, were turned over to the verifiers and then to the army. They were reported back at their barracks in Kosovska Mitrovica within an hour of Mr. Walker's announcement, reunited with anxious parents and visibly relieved but tired.

Dozens of Yugoslav Army tanks have been stationed in the area around Stari Trig since the soldiers were seized when they strayed into rebel-held territory. The government had threatened to hit back hard against ethnic Albanian separatists if they were not freed soon.

"Terrorists remain terrorists even after the release of hostages," the Yugoslav deputy prime minister, Nikola Sainovic, was quoted as saying Wednesday night by the state-run Tanjug news agency. "The battle against terrorism continues."

Chile to Take Part In Pinochet Appeal Against U.K. Arrest

The Associated Press

LONDON — The government of Chile will be permitted to participate in General Augusto Pinochet's appeal against his arrest for crimes against humanity, the House of Lords decided Wednesday.

The hearing, scheduled to start Monday, marks the second time that the former Chilean dictator will have sought his freedom before Britain's highest court.

In an unprecedented step, the House of Lords last month set aside its ruling that denied immunity to General Pinochet because one of the judges, Lord Justice Hoffmann, failed to disclose his ties with the human rights organization Amnesty International. Amnesty International had been a key player in the long campaign to have the 83-year-old general charged with gross abuses of human rights.

Chilean government officials have said they will be arguing that foreign courts lack jurisdiction over the former dictator and that any trial for human rights abuses could only be held in Chile.

Amnesty International was also granted permission to participate in the new hearing, as it did in the previous one.

Seven law lords have been assigned to hear arguments next week. None of the judges was involved in the initial 3-to-2 ruling, which said General Pinochet did not have immunity from arrest.

German Coalition Unites Behind Proposal to Widen Citizenship

Reuters

BONN — Chancellor Gerhard Schröder's coalition government agreed on Wednesday to push through a bill granting German citizenship to millions of immigrants despite fierce rightist opposition.

The center-left alliance of Social Democrats and Greens said they would not be deterred by a national petition organized by the opposition Christian Democratic Union.

The bill, to be unveiled on Wednesday by Interior Minister Otto Schily, would be steered through Parliament this summer, coalition leaders said.

"This fully guarantees the rights of dual citizenship for all foreigners living

long-term in Germany," the Greens' parliamentary chief whip, Kerstin Mueller, told DLF Radio.

Miss Mueller called the Christian Democrats' petition campaign "racist and demagogic."

She rejected an offer to hold cross-party talks on the reforms.

The Social Democrats and Greens approved the bill late Tuesday. It reforms a 1913 law that takes blood lines as the basis for German nationality.

Migrants, mainly Turks, who have lived in Germany for decades are denied citizenship while those of German stock scattered through Central and Eastern Europe are entitled to passports. The result is that more than 7 million of

Germany's 82 million population are deemed foreigners.

The new law, the first major reform to be carried out by Mr. Schröder since he took office in October, offers automatic citizen rights to children born in Germany and allows migrants to seek naturalization after eight years' residence.

Crucially, it will not require applicants to surrender the nationality of their country of birth, a requirement that deters many from going through the complex naturalization process.

Leaks of the draft in Wednesday's media included provisions that applicants for citizenship speak some German, commit themselves in writing to the German Constitution and not be reliant

on welfare aid.

Social Democratic politicians insisted it would not mean any relaxation of immigration rules.

"We don't want to open the doors any further," said Dieter Wiefelspütz, the party's spokesman for interior affairs in Parliament.

The Christian Democrats and their arch-conservative Bavarian ally, the Christian Social Union, say the offer of dual citizenship, currently available only in exceptional cases, puts "native" Germans at a disadvantage.

Pointing to surveys showing around half of Germans opposed to dual citizenship, they are confident they can stop the bill.

BRIEFLY

Germans Nearing Nuclear Fuel Pact

BERLIN — As part of its plan to end the use of nuclear power in Germany, the center-left coalition government is expected to agree to ban the practice of sending spent fuel out of the country for reprocessing.

But under a compromise already reached by Environment Minister Juergen Trittin, a Greens lawmaker, and Economics Minister Werner Mueller, a nonpartisan energy expert, the ban will not take effect until a year after passage.

German nuclear plant operators will be expected to use the time to work out deals to cancel contracts worth millions with reprocessing centers in France and Britain. (AP)

Gay Protest Barred

VATICAN CITY — Italian police officers barred a group of homosexuals from entering St. Peter's Square on Wednesday in memory of a man who set himself alight there a year ago to protest discrimination against gays.

The group of around 15 wanted to lay a wreath and flowers at the spot where Alfredo Orlando set himself afire on the steps. He died several days later.

The police said they would not let the demonstrators enter without Vatican permission since St. Peter's Square is part of sovereign Vatican territory. (Reuters)

Unrest in Romania

BUCHAREST — Striking Romanian miners renewed on Wednesday a threat to march on Bucharest if their demands for talks with the government are not met.

"This is the last day we will wait for a response from the government," said Miron Cozma, leader of 15,000 miners who have been on strike for 10 days in the Jiu Valley.

On Tuesday the miners marched more than 10 kilometers (6 miles) toward the capital after they rejected a compromise offer by the government to end the strike over pay and pit closure plans.

The miners want to negotiate with Prime Minister Radu Vasile or President Emil Constantinescu, but so far only the industry ministry has been involved. (AP)

BRIEFLY

UNITA Reports Plane Deaths

LUANDA, Angola — Angolan rebels said Wednesday there were no survivors of a second UN-chartered plane that went down Jan. 2 in a war zone.

The rebels of the National Union for the Total Independence of Angola, or UNITA, have told the United Nations the exact location of the C-130 cargo plane that crashed 20 minutes after takeoff from Huambo airport, 480 kilometers (300 miles) southeast of the capital Luanda.

A UN team found no survivors at the first crash site, near Huambo. (AP)

Yemenis Release U.K. Oil Man

SAN'A, Yemen — A British oil worker kidnapped by Yemeni tribesmen was released unharmed Wednesday, a British diplomat said.

John Brooke, 46, was handed over to the British ambassador in San'a, said the British Consul, David Pearce. Mr. Brooke was kidnapped Saturday by armed men from the Daham tribe demanding the release of a tribe member arrested three months ago on a murder charge. It was not immediately clear if their demands were met. (AP)

For the Record

A Mexican Army officer, Lieutenant Colonel Hildergardo Basilio Gomez, who led a protest last month shaking up the country's armed forces, has left Mexico for Venezuela after five of his followers were charged with sedition, according to media reports. (Reuters)

The FBI director, Louis Freeh, is to visit Mexico on Thursday and Friday to discuss joint efforts against drug trafficking and other major crimes. (AP)

Careful, Furby May Be a Mole

By Vernon Loeb
Washington Post Service

WASHINGTON — The National Security Agency has targeted a new national security threat capable of blabbing secrets to U.S. adversaries: the Furby.

As harried parents scrambled in the weeks before Christmas to get their hands on these homely, high-tech cyberpets that supposedly repeat what they hear, the supersecret spy agency put out a "Furby Alert" on its internal computer network in early December and banned the Furby from its headquarters in Fort Meade, Maryland.

"Personally owned photographic, video and audio recording equipment are prohibited items. This includes toys, such as 'Furbys,' with built-in recorders that repeat the audio with synthesized sound to mimic the original signal," the agency warned workers. "We are prohibited from introducing these items into NSA spaces. Those who have should contact their staff security officer for guidance."

What the punishment is for having a Furby at Fort Meade — or how many Furbys actually are infesting the agency — could not be immediately discerned. But Stewart Baker, former general counsel for the agency, speculated that "getting them out is going to be almost harder than getting them in."

"You'd have to take them to the basement," Mr. Baker joked about transgressors, "and sweat them a lot."

Equipped with computer chips and infrared transmitters, the Furby speaks, sleeps, makes weird noises and supposedly interacts with its environment, repeating some of what it hears.

It is hard to imagine it divulging state secrets, but who knows more about pulling in what it hears than the National Security

Agency, which intercepts electronic communications around the world using satellites and other highly classified means.

Agency officials were worried, said one source monitoring the intelligence community, "that people would take them home and they'd start talking classified."

Steven Aftergood, who directs the Federation of American Scientists' project on government secrecy, said he was not surprised that the agency, which is nothing if not bureaucratic, had drawn the line on Furby. "They can't simply say, 'Be smart, don't do anything to compromise security,'" Mr. Aftergood said. "There has to be a page in the security manual that says, 'No dolls with tape recorders.'"

Haitian Leader's Proposal Ignites Fears

The Associated Press

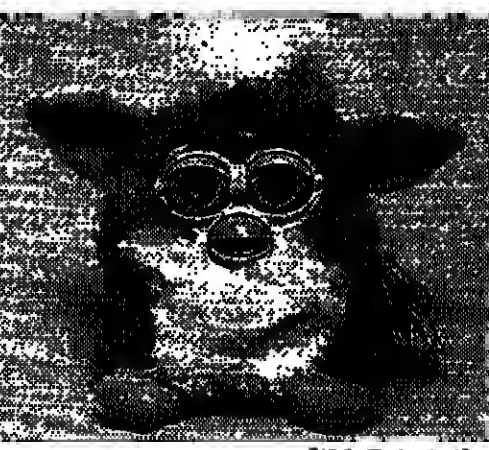
PORT-AU-PRINCE, Haiti — Bypassing a hostile Parliament, President Rene Preval of Haiti has announced that he will create a new government by decree.

Just hours after his announcement, gunmen on a motorcycle attacked Mr. Preval's sister, wounding her and killing her driver.

Mr. Preval's announcement Monday aimed to break a 19-month stalemate that has left Haiti without a budget or a functioning government and halted the flow of aid to this impoverished Caribbean nation. But it also ignited fears that Haiti's fledgling democracy has failed.

The motive for the shooting Tuesday near central Port-au-Prince was not immediately known, and there were no arrests.

Two gunmen on a motorcycle opened fire at a vehicle carrying Marie-Claude Calvin, wounding her and killing her driver. She was shot in the



The NSA ferrets out a security threat: Furby.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Open the Senate Trial

Since the trial of President Andrew Johnson in 1868, the Senate has conducted its debates on impeachments in closed session. The time has come for that tradition to be altered, at least for the trial of President Bill Clinton. Senators Tom Harkin, Democrat of Iowa, and Paul Wellstone, Democrat of Minnesota, have announced that they will seek to change the rule on closed debates after the opening presentations begin Thursday. Whatever would be gained by allowing senators to deliberate privately, the overriding requirement is for the American public to see and judge firsthand whether justice is being done.

Some senators argue that the closed session last Friday, at which Democrats and Republicans worked out a compromise on trial procedures, showed that privacy can serve a constructive purpose. But the Harkin-Wellstone proposal would not preclude the Senate's adjourning and meeting outside the chamber at caucuses like the one last week.

The principle that should prevail is simply that proceedings that could lead to the removal of a president should be conducted in open session, especially since many Americans have questions about the fairness of the House impeachment proceedings. Closing the Senate's deliberations on so grave a

matter would undermine public confidence and be an affront to citizens' rights to observe the operations of government.

Senators love their customs and ceremonies, but their institution's commanding trend has been toward openness. At the time of the nation's founding, all Senate sessions were closed. Until 1929, the Senate debated nominations and treaties in closed sessions. Until the reforms of the 1970s, many congressional hearings and meetings were in closed session. No one would seriously argue that these old practices should have been preserved.

As for impeachment trials, it is worth noting that they were open most of the 19th century. Privacy was adopted only for the trial of Johnson.

Some senators seem to believe that they should be regarded as jurors in a trial, and therefore allowed a measure of confidentiality. But the senators have privileges not available to regular jurors. They may ask questions, speak publicly about the process and make motions. It is within their power to change the rules on closing the session, which would take two-thirds of a majority to be adopted.

If openness drives senators toward partisanship or prolixity, as some fear, let public scrutiny serve as the governor on their excesses.

—THE NEW YORK TIMES

Step by Step in Nigeria

With all the demoralizing news coming out of Africa lately, it is worth taking note of a bright spot in Nigeria. Elections for state governors held there last week are reported to have been generally orderly and fair, marking another achievement on Nigeria's attempted return to democracy.

With brutal war flaring nearby in Sierra Leone and elsewhere on the continent, including in Congo and Angola, no one should underestimate the countervailing example Nigeria could provide if it succeeds in its transition from military rule.

No one should underestimate the difficulty of that transition either, even with two successful elections accomplished. Both were, in a sense, dress rehearsals for the parliamentary and presidential polls scheduled for next month, which in turn are meant to set the stage for a civilian government to take charge in May. Regional tensions, ethnic rivalries and the sheer weight of past efforts at democracy gone bad suggest that nothing should be taken for granted in the coming months.

Even a smooth transition would be only a first step for Nigeria. Years of

plundering military dictatorship have left this potentially wealthy nation in sorry shape. Rich in oil, Nigeria has been reduced to the status of oil importer, with long lines for gasoline and, most recently, angry demonstrations against rising fuel prices. In regions long exploited for their oil, local populations are up in arms at their continued impoverishment and the despoliation of their environment.

Throughout the country, the corrupt rule of the late despot Sani Abacha has left civic institutions, from political parties to the army, in need of rebuilding. A single election cannot do the job.

But it is fair to say that a successful election is a necessary precondition to Nigeria's rehabilitation. It would open the way to improved relations between Nigeria and other nations. More important, it might give Nigerians—and residents of smaller, neighboring countries, too—renewed faith in their ability to solve their own problems. That would be a welcome antidote to the bitter news coming from other parts of the African continent.

—THE WASHINGTON POST

A Global Icon of Excellence

For selfish reasons, we wish that Michael Jordan had stayed on. His absence denies us the pleasure of watching one of the world's great athletes and surely the most accomplished basketball player in the history of the game. His presence might have redeemed this sadly truncated season and restored some of the affection we had for the game before the owners and players almost took it away. It will not be easy to replace a global icon.

But it is hard to fault his decision to retire or his timing. He is 35 years old. He does not, by his own admission, have the physical and mental edge that he has always required of himself. Our hope is that this time he does not retire, as he did in 1995 after flirting with professional baseball. He should honor the tradition of Sandy Koufax in baseball and Jim Brown in football and others who retired at the pinnacle, leaving us with our memories of unambiguous greatness.

As Magic Johnson once said, "There's Michael, then there's all the rest of us." The numbers tell only part of the story, but a few bear repeating. Jordan led the league in scoring 10 times, the most ever. His 31.5 points a game over his 13-year career is the highest regular-season average in the history of the National Basketball Association. He led the Chicago Bulls to six championships.

His athleticism—the soaring leaps, darting fakes, flawless ball handling—was almost poetic. But what made Jordan special was his demanding code of personal excellence. He worked as hard in practice as he did in games. When critics complained that all he could do was score, he became the most

dominant defensive player in the game at his position. When opponents clogged the middle, he developed a deadly jump shot. He was also fiercely competitive. There were many important games where his singular determination seemed to will the Bulls to victory, but the memory that will endure is of a flu-ridden Jordan driving the lane against Utah in the 1997 championships, then leaning on his teammates for support so he could play some more.

Near the end of Jordan's autobiography, "For the Love of the Game: My Story," he says that "the evolutionary process never ends. Somebody is going to improve on my game." Perhaps so, but it is likely to be a long wait.

—THE NEW YORK TIMES

Other Comment

Justified Spying in Iraq

The arms inspection program in Iraq has always depended heavily, if indirectly, on U.S. spying. Was the apparent placement of existing devices in Iraq by an American on the UN team somehow dirty pool? The UN inspectors and the United States shared a common goal: to find and eliminate a massive clandestine weapons program that imperils all of Iraq's neighbors. That goal does not require "impartiality" by the UN inspectors but rather an unwavering commitment to ferreting out Iraq's hidden weapons. Iraqi behavior has simply allowed no alternative to using every intelligence means possible to uncover and destroy its provocative and threatening secret arms programs.

—Los Angeles Times

Trifling With Lewinsky and National Security

By Jim Hoagland

WASHINGTON — Depressingly little remains unilluminated about the private dealings and communications of Bill Clinton and Monica Lewinsky. But there is one corner of this drama that could bear more light as the Senate moves toward judgment.

Mr. Clinton recognized in a telephone conversation with his young paramour that foreign intelligence organizations could, without much trouble, be listening in on their phone sex and other musings, according to Ms. Lewinsky's detailed and unchallenged testimony. What, then, did the president do to protect himself, and national security, from blackmail and damage, other than propose an absurd cover story to Ms. Lewinsky?

"It becomes clear that many people in the White House knew what was going on, in a general way," an in-

telligence professional observed to me recently. "This is the kind of thing foreign intelligence would have targeted early and with high priority. The next question becomes, Did the CIA or anybody else have pick up foreign intelligence reporting on the affair, and what became of any information they got?"

Seduction, betrayal and espionage are closely related arts that often feed on each other. That reality echoes through Mr. Clinton's observation to Ms. Lewinsky about his self-created vulnerability, as well as through the best spy fiction. John Le Carré has a Soviet mole steal the love and sexual complicity of George Smiley's wife while he steals Britain's secrets.

Secrecy, deception and a desire for

revenge lie at the heart of betrayal — be it of a nation, a spouse or a friend. Understanding the relationship between infidelity, lies and national security made Smiley a great counterespionage.

But fiction does not rival the Bill and Monica story. To create a shared secret in which the risks of discovery are so wildly disproportionate — as the president did in romancing a carefree, unmarried talkative intern half his age — is the height of recklessness for a national leader.

Such irresponsibility is the only basis the Senate would have in this case for considering the removal of Mr. Clinton from office. The counts of perjury about sex and obstruction of justice can and should be left to the courts. The morality of Mr. Clinton's betrayal of marriage vows should be left to the pastors, priests, rabbis and

their secular counterparts, television's talking heads.

But the Senate needs to understand, and through its deliberations explain to the nation, what national security risks the president took and how they were handled. In its final action, the Senate should make an explicit judgment on whether there was a betrayal of the trust the nation put in Mr. Clinton to protect national security at all times, and how serious any such betrayal was.

It may be that we are so far beyond the Cold War that presidential indiscretions carry only trifling security risks today. Mr. Clinton seemed to endorse that view in the conversation reported by Ms. Lewinsky. The president's lawyers should certainly have an opportunity to advance or oppose that view before the Senate.

The Washington Post

China's Progress: A Step Forward, a Step Sideways

By Philip Bowring

HONG KONG — China moves like a crab. Its steps can never take it along a path of linear progress. Each involves a degree of deviation, each forward step toward liberty is a sideways one toward disorder.

In reality, forward progress may be slow and steady, but through foreign prisms speed may seem to vary enormously.

Six months ago China was seen as a global star, holding its currency stable to help the world, bolstering its economy, welcoming President Bill Clinton, embracing small steps toward democracy, pressing ahead with economic reform under the tough, articulate prime minister, Zhu Rongji.

Now we have a perception of China backtracking on political liberalization, jailing dissidents, issuing dubious economic growth statistics, ranging on some foreign debt, making nationalistic noises, putting enterprise reform on hold and again centralizing decision-making.

Some of these negatives

ought to be regarded as progress toward better government and a more market-oriented economy.

The decision to put Guangdong International Trust and Investment Corp. or GITIC, into bankruptcy has horrified foreign lenders who expected to be repaid by Beijing with few questions asked. Now they will have to wait in line. China's bankruptcy proceedings may be a touch of chauvinism in its attitude toward foreign banks. But it is progress for a China that badly needs to discipline its state enterprises and a timely lesson for the foreign banks whose behavior has, as elsewhere in Asia, been worse than merely naive.

Abandonment of the international trust and investment corporations has a political element in undermining provincial autonomy. But the lack of discipline of the provinces, which

were subject neither to central or market constraints, was a major factor in China's investment excesses that are the root of today's economic and banking troubles.

Mr. Zhu's cleanup may be selective but it is for real. Beijing is showing a tougher line toward corruption, jailing some high-profile local bankers, and is demonstrating antipathy to bailing out former friends. One is T.T. Tsui of Hong Kong, whose commercial empire, which had close links to the People's Liberation Army, is now being threatened by writs from the Bank of China, among others.

The slowdown in selling off state companies and the listing of state enterprises may seem like a slowdown of reform. But it will be progress if it prevents insider get-rich-quick schemes.

It is also desirable for the authorities to crack down on smuggling, which now accounts, by some estimates, for

20 percent of imports. Smuggling would be less if tariffs were lower, but the central government has an obligation to bring order to its borders, reduce official corruption and raise tax revenue that can help redress national imbalances.

As for China's growth, the numbers are suspect, but they have long been so. The difference now is that some of the foreign economists who parroted Beijing's numbers because they served the interests of their financial institutions now have a different agenda. Officials may still exaggerate growth expectations, but they are often disarmingly frank about the difficulties China is facing.

Supporting the new measures of central control are unreconstructed leftists, bureaucrats reasserting their powers and assorted opponents of economic liberalism and foreign trade. These elements have been at work in the political sphere, influencing President Jiang Zemin to emphasize the

dangers of social disorder that has been used to justify harsher treatment of dissidents.

But social disorder and political fragmentation are real dangers, not solely figments of reactionary imaginations.

There are many people of liberal inclination who wish political development yet are nervous about the pace. China is not a tight-knit society ready, like South Korea, to enjoy a high level of political activity, demonstrations and strikes while retaining social discipline and effective government.

Many recent measures by the government are testimony to its own weakness rather than to its power. Those who want China to develop as a market-oriented open and eventually democratic society have to recognize that curbing smuggling, corruption and officially sanctioned fraud are essential if the nation is to find a sustainable path between authoritarianism and boot camp capitalism.

International Herald Tribune

The Markets, Government and the Cyclical Struggle

By Charles Wolf Jr.

LOS ANGELES — In 1992, Francis Fukuyama optimistically forecast that the "end of history" was at hand. The collapse of Soviet communism and the demonstrated failures of command economies, he contended, had led to universal acceptance of market-based, capitalist democracies.

The Manichean struggle between the two systems was winding down.

Mr. Fukuyama's optimism was premature. Once again, the shortcomings of markets and the crisis of global capitalism are being sung by a politically diverse choir, including Prime Minister Mohamed bin Mahathir in Malaysia and Yevgeny Primakov in Russia. Finance Minister Oskar Lafontaine in Germany and the international

speculator George Soros. This "resumption" of history has been spurred by a series of financial crises in international markets, Asia's financial turmoil, Russia's default on \$15 billion of dollar-denominated Soviet debt and current pressures on Brazil's debt-ridden, but otherwise promising, economy.

At bottom, critics have focused on "untrammeled" (read unregulated) markets as the principal cause of all this turmoil, although they have diverged in their diagnoses and remedies.

Mr. Mahathir blames global hedge funds for his country's plight, and he has acted, accordingly, to insulate Malaysia from international capital markets by governmental screening and control of capital movements into and out of the country.

Mr. Primakov and his aides have proposed to reverse Russia's economic decline by imposing selective price controls, restricting foreign-currency transactions and retaining a large state-enterprise sector in the economy.

Mr. Lafontaine advocates larger government spending programs, while insulating German and European Union markets from import competition and international financial volatility.

Mr. Soros proposes setting up an International Credit Insurance Corp., funded by the governments of the Group of Seven industrial nations (hence, their taxpayers), to protect economies and investors from excessive financial volatility.

On closer examination, these views are more reflective of the predilections of their protagonists than the reputed imperfections of market-based economies.

For starters, there are no untrammeled free markets, nor does the canonical free-market

system presume that effective markets function without restrictions. For markets to operate effectively, clear and explicit rules of the game are essential. These include protection of property rights, legally binding and enforced contracts, established and reliable modes of resolving disputes, and free and open competition among producers, consumers, lenders, borrowers and investors. Without these rules, markets will malfunction.

Second, Asia's financial turmoil stems not from the operation of free markets but from a capitalism colored by personalistic or governmental excesses. In many of the affected countries, for example, there were excessive amounts of short-term lending and borrowing, and protracted support for overvalued exchange rates underwritten by the assumption that governments or multilateral agencies would prop the currencies up if they came under attack.

Third, the story is similar in Russia. The absence of legal and other institutional restraints required for the smooth operation of markets, widespread fraud in the privatization of state-owned assets and an associated flight from the ruble all help explain Russia's economic predicament. Underlying and

contributing to the Russian debacle has been a "moral hazard" stemming from international Monetary Fund lending practices. Since the IMF bailed out Indonesia with a \$40 billion package, lent \$60 billion to South Korea and lesser amounts to Thailand and the Philippines, should not Russian policy-makers expect more than the niggardly \$15 billion to \$20 billion that the IMF offered?

To blame the vagaries of free-market systems for these problems is to confuse the free market with aberrations from it.

Although the European Union, reinforced by its monetary union and single euro currency, differs from these cases, it, too, shows distinct signs of veering away from free, open and competitive markets.

Having apparently rediscovered the attractions of Keynesian economics as a possible remedy for their chronic high-unemployment problems, the EU's finance ministers recently agreed on measures to insulate the union from potential external shocks by restricting outflows of capital and limiting import competition.

If Mr. Lafontaine becomes the head of the European Commission, the executive arm of the EU, these trends are likely to be reinforced. Along this path lies a slower rate of growth in the EU's real gross domestic product and a depreciated value of the euro relative to the U.S. dollar.

Finally, what about the destabilizing effects of large, short-term speculative capital movements? To be sure, there is a need for greater transparency and timely disclosure to avoid the enormous and excessive leveraging by such ill-fated hedge funds as Long-

Term Capital Management. Nevertheless, on a list of five or six major contributing factors to the international financial contagion of the past year, the destabilizing effects of large hedge funds, including Long-Term Capital, Tiger Management and Mr. Soros' Quantum Group, probably ranks seventh or eighth. For example, when the Malaysian ringgit was rapidly declining in August and September 1997, the 10 largest hedge funds appear to have been buying the currency, not shorting it.

Whether some form of controls on large movements of short-term capital is desirable in addition to more timely disclosures of how and how much hedge funds are leveraged, is worthy of debate. On the one hand, some type of control, such as the Tobin tax or Chilean type of capital deposit, each of which would raise costs of short-term capital transactions, may contribute to increased financial stability and reduce currency volatility. On the other hand, controls designed to ward off financial volatility might instead create a contagion of additional controls, leading to corruption, evasion and favoritism.

However this argument may be resolved, the struggle between markets and governments, despite Mr. Fukuyama's forecast, is not history. It is more likely to follow a cyclical pattern, sometimes emerging, then submerging, over time. History rarely succumbs to initial attempts to end it.

The writer is senior economic adviser and corporate fellow in international economics at Rand Corp. He contributed this comment to the Los Angeles Times.

A Rescue for Sierra Leone's Refugees

By Reynold Levy

WASHINGTON — Sierra Leone has become the world's largest producer of human misery. The United Nations estimates that 440,000 Sierra Leoneans have fled to Liberia or Guinea. As the fighting intensified in recent weeks, hundreds of thousands more abandoned their homes and joined the displaced inside the country.

But what is worse is the terror. Rape and kidnapping have become commonplace. The insurgents, who lack popular support, have committed barbaric reprisals against civilians suspected of supporting the democratically elected government. The guerrillas have burned villages alive — women and children included. And they have made an example of others by hacking off their hands or arms, their feet or legs.

One such victim, a 6-year-old called Flora, held up her bandaged arm and asked my colleague Marie de la Soudiere, "Will my fingers grow back?"

The large-scale flight prompted by these atrocities has wiped out much of the country's agricultural economy. Although the international community had set up emergency feeding centers, food shortages have followed the war's ebb and flow. Recent fighting along access routes seriously disrupted relief efforts. And so the misery

worsens. It is unlikely that the international community will use militarized humanitarianism to reopen supply routes, as NATO did in Bosnia and Kosovo. Sierra Leone, perhaps the world's poorest country, has no strategic or economic value to the West, and its tragedy has not drawn intensive media coverage.

Moreover, Sierra Leone resides in the shadow of Mogadishu. The memory of American soldiers dying in Somalia has made the United States wary of military involvement in Africa.

My colleagues based in West Africa say the United States can help the situation and, with other concerned nations, make a difference. We need to do several things.

First, recognize the urgency of the situation and give it immediate, high-level attention as a diplomatic and humanitarian crisis. Let us not stand by as we did when a million were massacred in 1994 in Rwanda.

Second, substantially increase the resources and logistical support to the African multinational peacekeeping force that came to the rescue of the Sierra Leonean government and has been fighting on its behalf.

Nigeria and the other nations contributing troops and supplies to the effort are almost broke themselves. They need more than the words of encouragement, the unmet promises and the minimal aid we have been giving them.

Third, provide additional funds to the Office of Foreign Disaster Assistance. Because of budget reductions, coupled with the extraordinary demands imposed by the recent hurricane in Central America and the crisis in Kosovo, the office lacks the funds necessary to respond adequately in Sierra Leone.

Finally, rally our partners. The United Nations is already engaged in Sierra Leone through the World Food Program, Unicef and the United Nations High Commissioner for Refugees. But UN resources there are stretched thin. Leading nations must step up their support.

Hundreds of thousands of people — the vast majority women and children — desperately need our help. If we listen to our conscience — and the haunting voice of 6-year-old Flora — we will not ignore their plight.

The writer is president of the International Rescue Committee, which operates refugee relief programs in West Africa and elsewhere. He contributed this to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Mechanical Cars

PARIS — The crusade of the residents in the Etoile quarter against the introduction of steam or electric tramways has not, says the "Figaro," been altogether in vain. The La Muette-Rue. Taubout tramway is, it is true, to be converted into a mechanical car, but the authorities promise to provide a perfectly silent system which will not frighten horses.

1924: Wet Speech

WASHINGTON — The Rev. O. J. Kvale, Independent of Minnesota, who defeated Mr. Andrew J. Volstead at the last election, flung a bombshell into the dry ranks in Congress when in a remarkable speech he denounced the Volstead Act. The law, he said, is a travesty of justice and a farce, because "it has established a mighty law standard of ethics, making it

lawful for a millionaire and his children to guzzle all the liquor they desire, while making it a crime for the man in overalls to make a gallon of grape wine."

1949: Guns Into Bells

HAMBURG — Thirteen thousand German church bells ready to be melted down and made into war material were discovered by Allied troops in Hamburg in 1945. Dr. H. Severin, who is in charge of the bells, said that 1,500 of them belong to German communities in the Russian Zone, but that because of lack of co-operation between the two zones they could not be returned. He said the Russians had hundreds of church bells belonging to the western zones and that it has been impossible so far to negotiate a transfer. Some of the bells date back to the sixteenth century. Some were cast from captured guns during the time of Napoleon.

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TribTech

LEISURE

ALT/Commentary

Y2K Bug: Don't Blame Original Programmers

Experts of Yesteryear Had Other Problems

By Paul Ceruzzi
Washington Post Service

WASHINGTON — The "Y2K" software phenomenon, whereby computer software cannot distinguish the year 2000 from the year 1900, is about to teach us something of the nature of technology — a lesson worth learning.

To most of the accounts of how we got into this mess, one hears programmers say that it would have been easy to add space for four — instead of just two — digits to specify the year, but that no one thought it was necessary at the time.

Wrong. Just because it is easy to do that now does not mean it was easy — even possible — to do it in the 1950s and '60s, when business data processing first got under way.

That leads to the first basic truth about technology: The Y2K problem reveals: Technology is about making things that just barely work.

The Wright brothers' first flights all

lasted less than a minute. The first electronic computers often broke down with a burned-out tube after only 15 or 20 minutes of operation. The first commercial computers broke down only slightly less frequently, required rooms with air conditioning to keep them running and had very little memory capacity.

Asking why a programmer did not set aside an extra two spaces for the number 19 would be akin to asking Charles Lindbergh why he did not provide an in-flight movie for his 1927 flight. Computer programmers did not set aside four places for the year because they were happy if they could get their programs to work with any digits.

A second common one often hears is that programmers who coded the year with only two digits back in the '50s and '60s never thought their work would last into the next century.

Wrong again. From the beginning of programming, electronic digital computer people recognized that once they had written a piece of code that worked and was free of "bugs," or errors, that code was precious and ought to be reused as much as practical. Fragments of programs that handled date calculations were precisely such valuable properties, and they were widely shared, reused and copied among programmers.

It is true that the computers on which those programs were written were soon rendered obsolete and were replaced by newer machines, but when that happened the original programs — old but working — were often translated and incorporated into the software for the new machines.

And that philosophy was not restricted to computing's early days (that is, before 1970). Deep inside today's Windows software are pieces of code from MS-DOS, written almost 20 years ago. In "computer years," that is a couple of lifetimes.

A lot of new technology is around in the 1990s that was not here a few years ago: cellular phones, laptop computers, satellite positioning systems, and so forth. But marketing slogans about how revolutionary

every new product is must be taken with a few grains of salt.

Reusing and adapting what has already been done is common in modern technology. Engineers in all fields build new things based on what has already been successfully implemented.

But there was a moment in history when the year 2000 problem might have been avoided. That occurred in December 1963, when International Business Machines Corp., the dominant computer manufacturer, was engaged in a struggle with Honeywell Inc. for the future of business computing.

IBM was planning to come out with a new series of computers, which it called System/360. These computers were incompatible with the existing line of IBM machines then installed around the world. Customers who moved over to System/360 presumably would have to rewrite all their software.

Given the capabilities of the new machines, there would have been ample room to code the years properly to avoid any unpleasantness in 2000.

But Honeywell, seeing an opportunity to grab IBM customers, introduced a machine that was both cheap and powerful. And unlike System/360, it ran the existing software written for IBM's most popular business computer, the model 1401.

That software, written on punched cards, seldom if ever used more than two places to code the year.

Honeywell's new computer, the H-200 began selling well, taking sales away from IBM's existing line of 1401 computers and threatening its future line of computers as well.

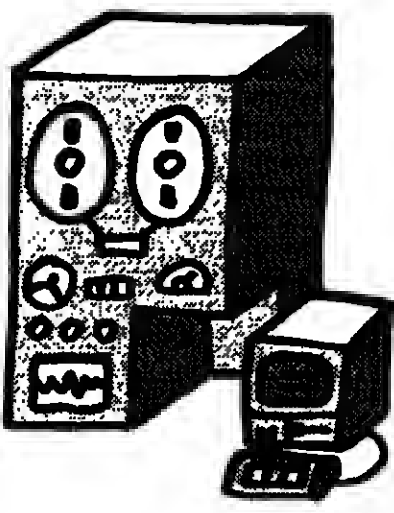
IBM's response was to develop a special version of its System/360 that "emulated" the 1401 — that is, it ran older software and made the new computer behave as if it were an older one. Customers could thus have the best of all worlds: the ability to run software they had already written plus the advantages of the new System/360 architecture.

It was a brilliant engineering decision, one that preserved IBM's lead over Honeywell and guaranteed that IBM would dominate business computing for decades. Emulation became a common way of introducing a new processor or computer architecture, and it is also common in desktop machines today.

But the decision by IBM had an unforeseen consequence: Programs written for the IBM 1401, two-digit date field and all, were to survive long after their programmers retired.

Perhaps one of the most neglected lessons of a century that began with steam locomotives, telegraphs and horse-drawn streetcars and ended with the World Wide Web is that we need to pay attention not just to those who tell us what our wondrous inventions can do but to the ones who have an inkling of what they cannot do.

Paul Ceruzzi is a curator in the space history division of the National Air and Space Museum in Washington.



Shawn Goldberger/ITT

'Silicon Curtain' Watches U.S. Borders

By Verne Kopytoff
New York Times Service

SAN DIEGO — From a hillside overlooking the U.S. border with Mexico, you can see the many obstacles that illegal aliens and drug smugglers must navigate to enter the United States. There is a steel fence cutting across miles of scrub, stadium lights that illuminate the night and hundreds of government agents posted in vans and inspection booths.

But increasingly, the border is being fortified with yet another line of defense that even the fastest sprinter may have trouble eluding. Whether using stealth or crossing legally by car, migrants and United States citizens alike must now overcome a barrier of computer chips, copper wires, video monitors and camera lenses.

To try to stop lawbreakers from entering the country and speed along the law-abiding who sometimes must wait for hours to cross the border with a truck or car, the government is enlisting the help of technology. Within their first moments after entering the United States, most travelers become the focus of electronic scrutiny.

"We are clearly coming into the 20th century just in time," said Doris Meisner, commissioner of the U.S. Immigration and Naturalization Service. Nowhere is that more true than here in San Diego, where thousands of people cross the border, legally or illegally, each day. The federal agencies that oversee the frontier have installed a scrum of gadgets that can, for example, find hidden compartments where drugs might be stashed, scan license plates to see whether a car has been stolen and help law-enforcement officers see migrants concealed in the bushes.

Among the most sophisticated systems on the border is the one at the Otay Mesa crossing, a bustling port of entry on the outskirts of this seaside city. Frequent commuters can avoid waits of as long as two hours by using what is called an automated driving lane. It is the difference between traveling first class and suffering in steerage.

Class in the program are equipped with transponders that emit a sort of radio fingerprint. As a car approaches the border, the license plate number, names of the authorized occupants and their photographs appear on a monitor inside the inspector's booth. Inspectors compare these images with the faces inside the cars to see whether there are any interlopers.

Leaning outside her booth into the car fumes, Christine Arana, an Immigration and Naturalization inspector, noted people who had shaved their beards or gained weight but nothing out of the ordinary.

As drivers swiped an identity card through a machine, she asked whether they had brought anything with them from Mexico and, when told no, wished them a good day. A random few were referred to the inspection area by the computer as a precaution against smuggling, but the majority continued on their way after a concrete barrier was lowered to the driveway.

In the other lanes, you have to check the immigration documents and make sure that they actually belong to them, and because we have a lot of fraud," Ms. Arana said. "The good thing about the automated lane is that they've already gone through a background check, so it's much faster. We already know who they are."

THE GOAL OF the automated lane is to allow inspectors to dispatch low-risk travelers quickly and spend more time with the others. As it is, inspectors in the regular lanes typically spend less than a minute to question each commuter and examine their documents.

Olga Gomez, one of the 3,300 people authorized to use the automated lane, was enthusiastic about the program. "Waiting in line used to be horrible," she said, for her commute between her home in San Diego and her job at a furniture factory in Tijuana. Now she crosses the border in about 40 seconds.

The \$129 annual fee to participate in the program does not bother her. "Believe me, I pay that with a happy face," said Ms. Gomez, who was having her fingerprints scanned by a computer in the port office to renew her identity card.

Some remote ports of entry along the Canadian border employ other kinds of technology that let people cross even after everyone who works there has gone home for the day.

In Scooby, Montana, for example, residents can use an unstaffed crossing where the key to opening the gate is speaking into a microphone so that a computer can analyze their voices and let pass those people it recognizes. In the Northeast, there are several border crossings where inspectors can work via video camera from dozens of miles away. Travelers must hold up their identity documents and sometimes open their trunks for a camera so that the images can be transmitted back to inspectors watching on a television screen.

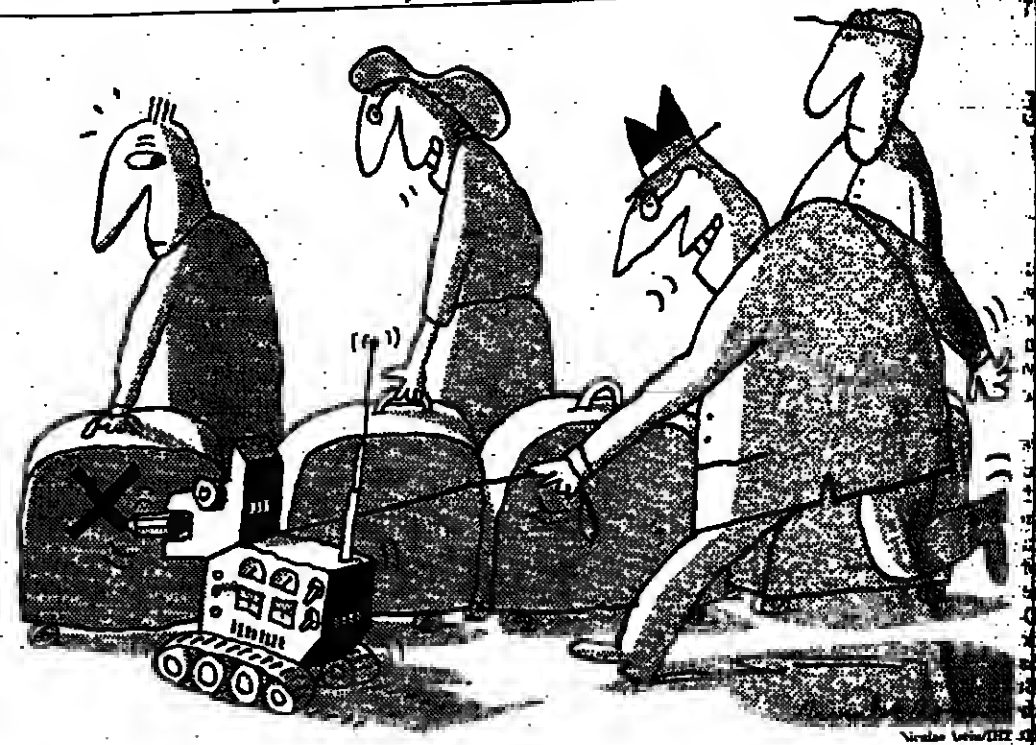
Cameras also play a role at Otay Mesa, where they scan the license plate of every passing car so that a computer can check it against a criminal lookout list. If the computer finds a problem, it alerts the inspector with a loud beep.

Keeping reliable files on illegal aliens, who often use fraudulent documents or carry no identification, is almost as easy. Using digitalized fingerprints, a computer system can determine whether an alien has been apprehended before or is wanted by the police.

It used to be difficult enough just to determine whether someone crossing the border was carrying an authentic green card or other document. But the immigration service has recently started phasing in cards that include holograms, magnetic stripes and digital photographs that make them difficult to duplicate. Layered defense is also the theme in inspecting trucks, which for years have been used to smuggle everything from Cuban cigars to cocaine, from humans to puffin fish.

"We don't rely on any one piece of technology," said Ray Mintz, director of applied technology for the Customs Service, which oversees vehicle inspections. "Every truck, every car, every container that comes in the country will run the gamut of three or four different securities."

Those include drive-through X-ray machines and fiber-optic cameras that look into hard-to-reach places such as gas tanks. In El Paso, Texas, a machine alerts inspectors when a passing truck is carrying radioactive material.



Electronic Dogs Sniff Out Drugs

New York Times Service

IT DOES NOT bark, wag its tail or scratch when sniffing for drugs and explosives at American airports and border crossings. Rather, this device simply flashes a red light when it has detected contraband and, on a digital display screen, tells what kind.

Call them electronic dogs. These suitcase-sized instruments are increasingly being used by U.S. authorities to stop drug smugglers from entering the country and terrorists from blowing up airplanes. They check for prohibited materials without tiring and without pawing at the public.

More properly called particle detectors or trace detectors, these devices are perhaps best known for their use in airports. They work on the principle that people who have handled explosives, for example, leave traces of it on much of what they touch.

"The word on the street was that canines were 100 times better than the detectors," said Tony Fainberg, director of the civilian aviation policy for the Federal Aviation Administration. "But now we believe that the detectors are about equal, and, in some cases, better."

Part of the reason for using this technology, he said, is that explosives do not always show up on X-ray machines. He added that while the federal agency does sometimes use dogs, the canines need frequent breaks, are not good at checking a large volume of passengers and are considered by some people to be intrusive.

Other U.S. agencies, such as the Customs Service and the Coast Guard, also use particle detectors. But, in contrast to the aviation administration, their agents search for both drugs and explosives, often by wiping steering wheels, travel documents and door handles.

The aviation agency's detectors, which are set to search only for explosives, are located inside U.S. airport terminals next to the X-ray machines. To use the devices, security guards usually wipe the handles of carry-on luggage with a piece of cloth to pick up microscopic particles. The cloth is then placed inside the detector and heated to make the particles that were absorbed turn to vapor. Within a few seconds, the instrument can tell whether that vapor contains any traces of contraband.

A few other detectors rely on a different method to get their fill of particles. For these, security guards use a tiny vacuum cleaner to suck the air around baggage.

According to Mr. Fainberg, trace detectors are generally powerful enough to point out the luggage of passengers who are taking nitroglycerin pills as medication for heart conditions. They have also alerted officials to members of the military and the police whose work involves demolition or explosives.

Since 1997, the aviation agency has installed 327 trace detectors at U.S. airports, and Mr. Fainberg said it planned to have detectors at every terminal in a few years.

—VERNE KOPYTOFF

A Fast Lane Past Immigration

New York Times Service

AFTER A LONG international flight, the first thing most travelers want to do is grab their luggage and go to bed, not wait in line at the airport.

But wait they do, sometimes for as long as an hour, as immigration inspectors check passports and ask questions in an effort to stop criminals and illegal aliens from entering a country.

But now, by using what looks like an automated teller machine, some travelers arriving in the United States can be on their way in a flash. People enrolled in a program called Inspass can avoid the bureaucracy by simply inserting an identity card into a machine, placing a hand into an automatic identity analyzer and then, if all goes well, walking through an open gate.

The program is open to frequent business travelers, who are considered a low-risk group, from 29 designated low-risk countries.

"Sometimes the lines are so full," said Yoko Omasa, a flight attendant from Japan who was using the Inspass machine at Los Angeles International Airport recently after working on a flight from Tokyo. "During Christmas, New Year's and summer it takes an hour to go through. This system is a great idea."

On this occasion, it took Ms. Omasa about 40 seconds to be allowed entry. The computer examined a national database to find out whether she was wanted by police and verified her identity using a relatively new technique called hand geometry.

To prove that she was authorized to enter the

country, Ms. Omasa followed instructions on a screen to put her right hand inside a slot on the Inspass console. Within a few seconds, the computer compared the profile of her hand with one it took last year when she enrolled in the program.

Once cleared, she received a receipt from the computer and went to pick up her luggage and to be cleared, like other travelers, by Agriculture Department and customs inspectors.

If she had been refused entry, either because of a criminal alert or as an error, a message would have appeared on the screen telling her to wait in line to see an inspector.

So far, nearly 75,000 people have enrolled in the Inspass program, which is available at an increasing number of U.S. airports. Applicants must generally be people who travel at least three times a year, they must be interviewed and then undergo a computer background check that takes only a few seconds before being issued a magnetic striped card printed with their picture.

Thomas Graber, director of the Immigration and Naturalization Service at the Los Angeles airport, said the program allowed his inspectors to spend more time trying to spot criminals or travelers using fraudulent documents or overstaying their visas. Without Inspass, he said, inspectors have only an average of 30 to 45 seconds to determine whether a traveler should be allowed to enter the country.

"What we are trying to do is move the low-risk passengers through and take the inspectors off we have and concentrate them on the bad guys," Mr. Graber said.

—VERNE KOPYTOFF

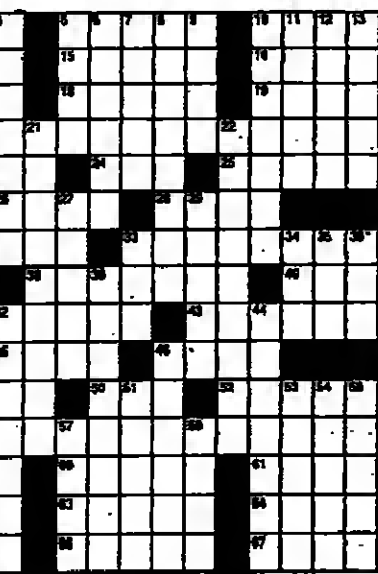
CROSSWORD

ACROSS

- 1 Turned on the waterworks
- 5 Former East German secret police
- 10 Hot tub inlets
- 14 In charge of
- 16 Range feature
- 18 Half of dicecast
- 17 CBS reporter
- 19 You must remember this
- 19 Tantal representation
- 20 Snake in the grass, literally
- 22 Take potshots
- 24 Wren's wing
- 25 Let down, say
- 26 Scooped
- 28 "The Mystery of —" (Charles Ludlum play)
- 30 Arm muscle
- 33 Villains, at times
- 37 Award of badges: Abbr.
- 38 Swaddles
- 40 Stay flat
- 41 Marachi topper
- 43 Cossack chief
- 45 Parties on a bus
- 46 Where the Sabine and Rhine meet
- 47 — High Dam
- 50 Big Board's Can. equivalent
- 52 Misdirection
- 55 Fish in the pen, literally
- 59 Needle dropper
- 60 Underway
- 61 Flood —
- 62 Work units
- 63 "The Unbearable Basensting" writer
- 64 Attention-getter at sea
- 65 Unapproachable chief
- 66 More devices
- 67 Symbol of inactivity

DOWN

- 1 Diet site
- 2 Lake Geneva
- 3 Kind of dish
- 4 Gallivant
- 5 Sojourn
- 6 One of plumb
- 7 Menzies title role
- 8 Pasta ingredient
- 9 Unyielding
- 10 Waggle
- 11 Showiness
- 12 Anglo-Saxon seasonal
- 13 Whale finder
- 14 Alternative to mushrooms
- 15 Where John Rolfe married Pocahontas
- 16 Anglo-Saxon laborer
- 17 Indemnity
- 18 Small shot
- 19 Prefix with diametric
- 20 Picture taker, in combinations
- 21 Sign of a big crowd
- 22 Hackberry's kin
- 23 Estuary
- 24 Hill person: Abbr.
- 25 Hardly kindly
- 26 Not in one's cup?
- 27 8-Down, to Sal Mineo
- 28 Poe poem
- 29 Quaker?
- 30 Cathedral topper
- 31 Waiting area, with "tee"
- 32 Unearthly
- 33 Sun Valley locale
- 34 Bell-shaped towers
- 35 Low poker pair
- 36 Schools of whales
- 37 "... like — not"



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See our
International
Franchises
every Wednesday
in The Intermarket

BRIEFLY

BIG BLUE INVENTS: International Business Machines Corp. won a record number of patents in 1998, mostly for new software and semiconductor technology.

The U.S. government awarded IBM 2,658 individual and 24 jointly held patents for the year, breaking the record that IBM set with 1,867 in 1996, according to IPI/Patent Data Corp., a patent registry. It was the sixth consecutive year IBM had topped the list of patent recipients.

Many of the patents are for Internet software and handheld devices; markets that IBM has made priorities. "That's what the patents are for — to go beyond the PC era," said Nicholas Donofrio, senior vice president of technology and manufacturing. Canon Inc. was second for the year with 1,925 patents, followed by NEC Corp. with 1,628, Motorola Inc. with 1,406, and Sony Corp. with 1,315.

MICROSOFT WORDSMITH: James Fallows, former editor of U.S. News and World Report and author of "Breaking the News: How the Media Undermine American Democracy," joined Microsoft Corp. last week as a member of the product-development team for Word, the leading word-processing program.

Mr. Fallows says he wants to make Word more helpful and less irritating to use for people who do in-depth research

and writing, including academics, journalists and authors. He says he intends to work at Microsoft for six months or so and then return to writing magazine articles and books. (NYT)

WEB GROWTH: Network Solutions Inc., the Virginia-based Internet registry company, registered about 1.91 million new Web addresses in 1998, up from 960,000 in 1997. (Reuters)

TECHNOLOGY INDEX

Technology stock indexes around the world:

	Tuesday close	Pct. change previous week	Pct. change year to date
North America			
Pacific Exchange Tech	481.65		+7.22
S&P Tech Composite	1,224.24		+4.80
Europe			
Morgan Stanley Eurotec	643.27		+5.37
Asia			
Topix Electric	1,510.51		-2.08

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- The Rise and Fall of the Modern King, Jan. 7
- On-Line Firms Let Investors Grab a Share of New Issues, Jan. 8
- Internet Market Gripe the Market, Jan. 8
- Sega's Game Is a Sellout, Jan. 8
- Lots of Chatter in the AOL Infield, Jan. 11
- A Graphic Highlight Comes Down to Earth, Jan. 12
- Net Stocks Lead Market Down, for a Change, Jan. 13
- E-Trade to Move into Investment Banking, Jan. 13
- Afraid of Getting Burned by Buying Cyber Stocks? Try an Internet Fund, Jan. 13
- Murdoch: An Asia Optimist But a Skeptic on Internet, Jan. 13

To reach TribTech editors or to comment on IHT tech coverage, send e-mail to tribtech@ihl.com. International Herald Tribune.

سكرا من الاميل

French Airbus Firm Sees Sales Drop

1,212 in 1998. He declined to estimate Aérospatiale's 1998 profit, which is expected to be lower than in 1997, when the company reported a 75 percent gain to 1.4 billion francs.

Mr. Michot said Aérospatiale "plans to merge with the Matra High Technology unit of the Lagardere Group of France and float a stake in the new company on the stock market the first half of 1999."

While the government is expected to be left with a 48 percent share in Aérospatiale after the public flotation, other European companies are looking at partnership with Aérospatiale have said they would like to see that share brought down significantly further.

(Bloomberg, Reuters)

ures have indicated that capital flight has increased in recent days. The uncertainty caused by the devaluation is likely to prevent Brazil from lowering interest rates, worsening the country's recession. Even before the move, the government was forecasting that output would contract by 1 percent this year, while some analysts were forecasting a decline of at least 4 percent. Brazil also is committed to cutting its budget deficit to 4.7 percent of gross domestic product this year from 8 percent in 1998.

The impact of the fall of the real could spread to neighbors like Argentina, which would have to raise interest rates to defend its currency. Mr. Fox of Fitch IBCA said Argentina's economy could register zero growth this year, compared with a government forecast four months ago for up to 5 percent growth.

Brazil is the United States' No. 15 trading partner, but it is a rich source of profits for many blue-chip American companies like Whirlpool Corp., which registers about 10 percent of sales in the country.

Bill Martin, chief economist at Phillips & Drew, the fund management arm of the Swiss bank UBS, said rising share prices have encouraged U.S. consumers and companies to spend more than they earn. If the stock market falls and consumers and companies retrench, the U.S. growth rate could be slashed by 2 percentage points a year for the next five years.

Given the importance of Latin American markets to corporate America's profitability, the latest instability is not piercing the optimism on Wall Street, where share prices have risen to record, so quickly. In recent weeks that some analysts have talked of the market as a bubble waiting to burst. A sharp drop in share prices could force companies and consumers to retrench, dragging down an already-slowing economy. And any U.S. weakness could be rapidly transmitted to Europe and Asia via a depreciating dollar.

"This is to some extent a wake-up call," said Bruce Kasman, chief economist at J.P. Morgan & Co. "It is another indication that the global economy is quite fragile."

There are some grounds to believe the impact of Brazil's move could be contained. For one thing, the country's long-running budgetary problems make this "probably the most well-anticipated crisis of this decade," Mr. Kasman said. And Brazil's importance to Latin America and the United States provides reasonable assurance that the country will get help from abroad.

President Bill Clinton indicated as much Wednesday after being briefed by Treasury Secretary Robert Rubin. "We have a strong interest in seeing Brazil carry forward with its economic reform plan, and succeed — and we think they will," he said.

The figure consists of three line charts, each representing a major European stock index. The x-axis for all charts spans from August 1998 to January 1999, with labels for the months A, S, O, N, D, J. The y-axis represents the index value. The Amsterdam DAX chart shows values ranging from approximately 400 to 600. The London FTSE 100 chart shows values ranging from approximately 400 to 600. The Paris CAC 40 chart shows values ranging from approximately 200 to 400. All three indices exhibit a similar pattern: a decline from late 1998, a sharp drop in late 1998, and a subsequent recovery in early 1999.

Exchange	Index	Wednesday Close	Thursday Close	% Change
Amsterdam	DAX	599.29	599.24	-0.09
Brussels	BEL 20	3,415.35	3,495.68	2.34
Frankfurt	DAX	4,937.00	5,020.70	1.68
Geneva	Stock Market	832.21	846.78	1.74
Madrid	IBEX 35	5,711.60	5,955.45	4.28
Oslo	OSL	508.00	537.55	5.82
London	FTSE 100	5,839.10	6,038.60	3.44
Madrid	Stock Exchange	82.77	865.27	8.50
Vienna	INDEX	281.84	291.18	3.30
Paris	CAC 40	3,998.12	4,102.70	2.60
Stockholm	STX 16	3,993.72	4,000.29	0.16
Vienna	ATX	1,067.89	1,127.50	5.58
Zurich	SPI	4,475.88	4,649.22	3.84

- **British Airways PLC and Japan Airlines Co.** agreed to sell seats on each other's flights, link their frequent-flyer programs and share airport facilities. The accord is to extend to code-sharing, or joint operation of flights, this summer.
- **BASF AG**, the German chemical giant, will buy back as much as 5 percent of its stock, a stake worth about 1 billion euros (\$1.16 billion) at the current market price.
- **Dixons Group PLC**, the largest appliance retailer in Britain, reported a 5.7 percent decline in its first-half profit as consumers spent less on major items such as freezers and washing machines. Profit in the six months through Nov. 14 fell to £54.7 million (\$89.2 million).
- **Randstad Holding NV**, a temporary staffing company based in the Netherlands, said preliminary 1998 net income rose 29 percent as sales in all its markets improved. It did not provide detailed profit figures.
- **Electricite de France** agreed with five unions to cut its workweek to 35 hours from 39, as called for by French law, and to add jobs. The utility plans to hire 18,000 to 20,000 people over three years, while 15,000 are expected to retire.
- **Germany's cartel office** is ending its investigation of the fees that **Deutsche Telekom AG** charges rivals for access to customer data after the former monopoly agreed to cut prices.
- **British American Tobacco PLC** is expected to bid for all the shares outstanding in two Australian tobacco companies, **Rothmans Holdings Ltd.** and **W.D. & H.O. Wills Holdings Ltd.** Australian regulations require such offers as a result of BAT's agreement to buy Rothmans International BV, which would give BAT partial ownership of the two companies.

Journal of Management Education 30(6)p.789-804

The 2,300 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press.

114
114 P.M. Close

Continued on 1

صلى الله عليه وسلم



● Zee Telefilms Ltd., which owns one of India's most watched Hindi-language networks, said profit rose 41 percent to 143.6 million rupees (\$3.38 million) in the third quarter, bolstered by rising advertising revenue, as sales rose to 638.1 million rupees from 526.5 million rupees. *Bloomberg, Reuters*

As for the spike in interest rates, he said, that is good in the long run for Japanese banks because they

On Tuesday, the government

Start with the fact that rising Japanese bond yields are a key factor. What drove yields upward was a furious sell-off in the bond market that accelerated last month amid investors' dismay at the government's plans to sell massive amounts of bonds in the coming year to finance its mounting budget deficit.

The rise in interest rates, he added, is "unequivocally bad" in the large economic picture.

"We already had a big downturn in business investment in plant and equipment, which will get worse," he said, "and higher rates are also going to affect the ability of companies already under stress to pay wages; so this is a serious matter."

Not all analysts are so gloomy. "The Federal Reserve is doing the

But James Fiorillo, a bank analyst at ING Barings in Tokyo, said the recent crash in bond prices had dealt a severe blow to the profits of Japanese banks, which depend heavily on bond trading. Higher rates probably will not greatly increase bank lending, Mr. Fiorillo said, because in the banks' current restructuring drive, "one of the essential objectives is to reduce the size of their loan portfolio," regardless of rates.

And that's the way it goes these days in Japan, where every silver lining seems to have a cloud.

The sale plan comes amid concern over the financial health of Chinese companies after the failure of Guangdong International Trust & Investment Corp. and troubles disclosed Wednesday by another Guangdong company. "Few investors would want to touch China shares right now," a fund manager said.

"This is not hot money," he said. "Nobody is going to put money into these economies on a short-term basis thinking they'll get bang for their buck."

But analysts say they expect the action to do little more than slow the won's rise as foreign funds continue to flood the Seoul stock market.

Singapore seems to be standing back as its currency stays out of the regional updraft because of soft interest rates and because local companies have had to buy dollars lately to pay for acquisitions they made.

January 13, 1999

SEC. 101	SEC. 102	SEC. 103	SEC. 104	SEC. 105	SEC. 106	SEC. 107	SEC. 108	SEC. 109	SEC. 110	SEC. 111	SEC. 112	SEC. 113	SEC. 114	SEC. 115	SEC. 116	SEC. 117	SEC. 118	SEC. 119	SEC. 120	SEC. 121	SEC. 122	SEC. 123	SEC. 124	SEC. 125	SEC. 126	SEC. 127	SEC. 128	SEC. 129	SEC. 130	SEC. 131	SEC. 132	SEC. 133	SEC. 134	SEC. 135	SEC. 136	SEC. 137	SEC. 138	SEC. 139	SEC. 140	SEC. 141	SEC. 142	SEC. 143	SEC. 144	SEC. 145	SEC. 146	SEC. 147	SEC. 148	SEC. 149	SEC. 150	SEC. 151	SEC. 152	SEC. 153	SEC. 154	SEC. 155	SEC. 156	SEC. 157	SEC. 158	SEC. 159	SEC. 160	SEC. 161	SEC. 162	SEC. 163	SEC. 164	SEC. 165	SEC. 166	SEC. 167	SEC. 168	SEC. 169	SEC. 170	SEC. 171	SEC. 172	SEC. 173	SEC. 174	SEC. 175	SEC. 176	SEC. 177	SEC. 178	SEC. 179	SEC. 180	SEC. 181	SEC. 182	SEC. 183	SEC. 184	SEC. 185	SEC. 186	SEC. 187	SEC. 188	SEC. 189	SEC. 190	SEC. 191	SEC. 192	SEC. 193	SEC. 194	SEC. 195	SEC. 196	SEC. 197	SEC. 198	SEC. 199	SEC. 200	SEC. 201	SEC. 202	SEC. 203	SEC. 204	SEC. 205	SEC. 206	SEC. 207	SEC. 208	SEC. 209	SEC. 210	SEC. 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INTERNATIONAL INVESTING

Real Estate Seems Due for Growth

WASHINGTON Post Service
WASHINGTON — The U.S. stock market got off its momentum kick this week. Growth stocks — especially Internet stocks — continue to rule, but smart investors are keeping the faith. Languishing undervalued companies will have their day — eventually.

The problem is choosing. There are many bargains out there. But one sector that screams for attention is real estate.

In 1998 the 101 U.S. mutual funds that specialize in real estate investment trusts, or REITs, lost an average of 15.7 percent, according to CDA/Wisconsin, a fund-tracking firm in Rockville, Maryland. Over the past three years, REITs have returned an annual average of just 10.5 percent, compared with 30.9 percent for the Standard & Poor's 500-stock index.

Vornado Realty Trust has declined 22 percent in the past year, after taking a 5 percent dividend into account. And that's typical.

But, while Vornado's stock is falling, its profits have been rising — up 54 percent in the past 12 months, compared with a year earlier. So are REITs ripe for bargain hunters?

One of the best value players in New York, Marty Whitman, says no. But let's be clear: He is down on REITs — but high on real estate. How is that? Well, not all real-estate stocks are REITs, and Mr. Whitman and his partner, Michael Winer, launched a fund in September that gives REITs short shrift while concentrating on regular corporations that own land, develop properties or manage office buildings and apartments.

A REIT is a specific kind of in-

JAMES K. GLASSMAN / ON INVESTING

vestment vehicle — a trust that is allowed to avoid taxes by passing through nearly every dollar of its profit to shareholders. While REITs provide a great way for small investors to get annual income from real estate, they also present a problem: Where do they get the capital to grow if they are constantly distributing earnings to the public?

In the past, the answer has been to keep issuing more stock. Vornado, for example, had offerings in 1993, 1995 and 1997, raising nearly \$800 million. But issuing stock is tough when the price of your shares is falling, so many REITs are stuck with a lot of cash on hand, the only way they can grow is by borrowing — and, in an uncertain real estate market, too much debt is risky.

Most of the companies owned by the Whitman-Winer fund, Third Avenue Real Estate Value (telephone number in the United States 1-800-443-1021), take the conventional corporate form. As a result, they do not pay out all their earnings — in some cases, none of their earnings — in dividends but retain them for new investments.

But are there deals out there? Emphatically, yes, Mr. Winer says. Mr. Whitman adds that if you are "very conscious of buying assets at a discount," real estate is an easy asset to evaluate — easier, at any rate, than the steel companies that he has been examining for his other Third Avenue funds (value and small-cap), which

have always owned a disproportionate share of real-estate stocks.

"We're buying land at distressed prices," Mr. Winer said of the new real-estate fund.

Among the holdings, for example, is San Francisco-based Catellus Development Corp., which began life in 1984 as the real-estate arm of the Santa Fe Pacific Railroad. It now owns 700,000 acres zoned for mixed-use projects in California.

Similarly, St. Joe Co., set up in 1907 by a member of the Du Pont family who had been ostracized for leaving his wife to marry his cousin, is the largest private landholder in Florida, with 1 million acres, mainly in the Florida Panhandle, and a spectacular balance sheet. It operates some properties, including office buildings, sugar cane plantations and timberlands. But much of its real estate is just sitting there, ready to be developed.

Another low-profile holding, Forest City Enterprises Inc., is based in Cleveland but builds, owns and manages \$3 billion in office buildings, hotels and shopping centers in 21 states. It may look like a REIT, but it's actually a corporation that pays a dividend yield of just 0.6 percent and has \$55 million in cash to play with.

"By our calculations," Mr. Winer said, "the stock is trading at a 25 percent to 30 percent discount to the value of its operating properties."

The top Third Avenue asset, at 6.9 percent of the fund's portfolio, is Avator Holdings Inc., a Florida-based concern that has 56,000 acres of land approved for development. Leon Levy, a highly regarded Wall Street financier, is chairman of the company and has moved it from being a developer of scattered single-family homes to being a builder of "active-adult" communities for seniors — which certainly sounds like a growth business.

"We figure we are buying this company at a 60 percent to 70 percent discount to the value of the land," Mr. Whitman said, but he warned that it might be next year before Avator showed a profit.

A Top 10 List Of Value Stocks

WASHINGTON Post Service
WASHINGTON — Al Frank, editor of the Prudent Speculator (U.S. telephone number 1-800-258-7786), a value-oriented newsletter with a spectacular stock-picking record, has come up with a new list: 10 "favorite" stocks for 1999 and beyond.

They are Allon Health & Beauty Care Inc., a micro-cap distributor of beauty products; Digi International Inc., a data-communications company with a price/earnings ratio of 12; Genesis Health Ventures Inc., a generic care, a P/E of 7; Golden State Bancorp Inc.; Input/Output Inc., seismic data for oil and gas, a P/E of 9; Landry's Seafood Restaurants Inc. a P/E of 7; LTV Corp.; steel, SIFCO Industries Inc.; jet engines, a P/E of 8; Stage Co., sewing machines, and Vicon Industries Inc., closed-circuit TV, with a P/E of 9.

— JAMES K. GLASSMAN

The fund does own a few REITs that Mr. Winer and Mr. Whitman say are well-positioned and especially undervalued: Koger Equity Inc., with a dividend yield of 7.3 percent; New York-based Regis Realty Inc., yielding 9.5 percent, and United Investors Realty Trust, which specializes in shopping centers and carries a yield of 11.7 percent.

Do not get too excited by those dividends. REIT payouts can fluctuate violently from one year to the next, but a high yield is often a sign of a low price. You needn't give up completely on REITs, though. There are signs that they may be rebounding. Alpinia U.S. Real Estate Equity Fund (1-888-785-5578) has soared 31 percent in the past three months, and Cohen & Steers Realty Shares (1-212-832-3232), the largest of the REIT funds, has up 9 percent over the same period. But like nearly all their colleagues, they are down about 15 percent for the past 12 months.

Differentiating among REITs is a hard idea, but most investors have a hard time analyzing them.

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Yahoo! Earnings? So What?

By Barnaby J. Feder
New York Times Service

NEW YORK — A rarity among Internet companies, Yahoo! Inc. reports actual earnings — though such things don't seem to matter in this market.

Yahoo!, a bellwether Internet stock, released earnings Tuesday confirming that it had surpassed Wall Street's financial expectations.

But did it matter? The recent surge in share prices for Internet companies has analysts wondering whether financial performance is at all relevant to many of the small investors jumping into that market sector.

"I don't know how people are getting to these valuations," said Paul Noglows, an analyst at Hambrecht & Quist in San Francisco.

"What's going on has nothing to do with fundamentals, good or bad."

Mr. Noglows considers Yahoo! — which operates a "gateway" for World Wide Web surfers seeking information, electronic mail, shopping and other Internet services — one of the stars of this sector. He says he likes its strategy and management.

In normal times, an announcement such as the one the company made Tuesday might lead him to urge investors to buy more shares. Yahoo!, based in Santa Clara, California, said its earnings in the fourth quarter of 1998 jumped to \$25.04 million, excluding one-time charges, more than 10 times the \$1.91 million it made a year earlier and well ahead of analysts' forecasts.

Yahoo!'s revenue of \$76.4 million was nearly triple the level of a year earlier and 40 percent ahead of its third-quarter sales. In addition, the company said it would split its stock 2 for 1.

Yahoo! also said its number of registered users had grown to 35 million from 20 million a year earlier, that the number of its advertisers had risen to 2,225 from 1,700 and that those advertisers were spending more and signing longer contracts.

But Mr. Noglows is one of six analysts — about a quarter of those following Yahoo! — who rate the stock as a "hold" rather than a "buy" because these are anything but normal times for the Internet companies that trade publicly. Small investors mesmerized by the rapid

growth of Internet use and commerce have sent Internet stocks rocketing to previously unimaginable heights in recent weeks. Yahoo!'s shares rose more than \$72, or 21 percent, on Monday alone.

Much of the fuel for the growth appears to have come from small investors who trade rapidly, not the kind of long-term buyer willing to wait for years for Yahoo! or other Internet pioneers to deliver the huge profits implicit in today's valuations.

Yahoo is on more solid ground than most Internet start-ups. It has never underperformed analysts' expectations in the three years since it went public.

But can it really be worth more than Boeing Co., the world's largest aerospace company, or more than twice the value of Caterpillar Inc., the multinational heavy-equipment maker, as current market capitalizations suggest?

On Tuesday, short-term traders paused to look at what they had wrought; some headed, at least temporarily, for the exits. Yahoo!'s shares closed at \$402, down \$13.375, in Nasdaq trading. Early Wednesday, its share price ended, with the stock dropping \$30.75 to \$351.25.

Other Internet stocks also slumped in early Wednesday trading, including Amazon.com, the Internet bookseller, and Netscape Communications Corp., the Internet browser pioneer. Daniel King, an analyst at LaSalle Street Securities in Chicago, said he rated Yahoo! a long-term buy but would hesitate to pay current prices.

January 1, 1999

The Shareholders of Haussmann Holdings N.V. Change in Method of Net Asset Value Calculation

The decision has been taken to revise the method by which the Fund's net asset value is calculated for purposes of fixing the price to be used for offers of the Fund's shares, with effect from January 1, 1999. In light of current market conditions, it has been determined to be in the best interests of the Fund to both suspend the imposition of any premium (which has effectively been the case for some time now), and to no longer reflect the "ask" premiums, if any, attributable to the shares of other funds in the Fund's portfolio.

Notwithstanding the foregoing, in order not to penalize existing shareholders of the Fund, the calculation of the Fund's net asset value will henceforth reflect the "bid" premiums or discounts, if any, attributable to the Fund's investments. The effect of the foregoing is to simplify the calculation and presentation of the Fund's net asset value and eliminate the "spread" between net asset value, bid and asked prices. Henceforth, there will only be one published net asset value which will also be the price used for both offers and repurchases of the Fund's shares.

Very briefly:

- Fidelity Investments will begin selling three new U.S. stock funds and five new international equity funds, all aimed at brokers and other financial intermediaries, through its Fidelity's Advisor unit.
- KPI Investments Co. of the United States will buy out half of Ascom KPI Capital Management Co., becoming the first foreign institution to control a South Korean mutual-fund company. International Finance

Corp., the World Bank's private investment arm, will acquire a 10 percent stake. The sales will bolster Ascom Korea's capital by 4 billion won to a total of 7 billion won (\$6 million).

• South African investors are likely to seek stocks in the information-technology and banking industries and those of companies whose earnings are protected from currency turmoil, according to a survey of analysts. *Boston Globe, Bloomberg, Reuters*

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January 13, 1999

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WORLD ROUNDUP

Agassi Routs Korda

YENNIS Petr Korda discovered how difficult it may be to defend his Australian Open title when he was thumped, 6-2, 6-1, by Andre Agassi in the first round of the Colonial Classic on Wednesday in Melbourne.

Playing in a blustery wind, Korda looked flat and showed only a few flashes of the form that took him to his only Grand Slam title and the verge of claiming the No. 1 ranking a year ago.

In other matches Wednesday, Thomas Enqvist beat Goran Ivanisevic, 7-6 (7-4), 7-6 (7-5); the defending champion Mark Philippoussis rallied to overcome Tim Henman, 2-6, 6-4, 6-4; and Michael Chang outlasted Yevgeny Kafelnikov, 6-7 (5-7), 6-3, 7-5. (AP)

Steffi Graf and Venus Williams set up a quarterfinal power struggle at the Adidas International tennis tournament with contrasting second-round victories Wednesday in Sydney.

Williams was in top touch beating Amanda Coetzer of South Africa, 7-6 (7-5), 6-2, while Graf struggled to a 6-2, 3-6, 7-5 victory over Serena Williams in an exciting match that lasted almost 2½ hours. World No. 1 Lindsay Davenport beat Mary Joe Fernandez, 6-4, 7-6 (8-6), and will play Patty Schnyder in the quarterfinals. (AP)

A Century for Gilchrist

CRICKET Adam Gilchrist pounded a stunning century to guide Australia to a record-breaking victory over Sri Lanka in their tri-nations limited-overs match Wednesday in Sydney.

Sri Lanka made 259 for nine off its 50 overs, setting Australia a record total to win. Gilchrist made a career-best 131 as Australia scored 260 for the loss of two wickets with 23 balls to spare, and his innings was the fourth best by an Australian in one-day games.

Gilchrist, who stands in for Ian Healy as Australia's limited overs wicketkeeper, put on a 151-run opening stand with Mark Waugh, who fell for 63 in the 26th over.

His fourth limited-overs century came when he swept the 95th ball he faced for six. (AP)

Jordan's Exit Shifts NBA Power Balance

Bulls' Rebuilding Will Clear Court For Other Teams and Emerging Stars

By Mike Wise
New York Times Service

DEERFIELD, Illinois — Out of respect, Michael Jordan first told Ron Harper and Scottie Pippen, his two closest teammates, that he was planning to retire. Harper and Pippen did not argue or plead with Jordan to stay. They simply sat and reminisced, the way they did in the workout room of Jordan's suburban Chicago home after every championship season.

On Wednesday, those stories — along with the scintillating highlights, the six banners and his growing legend as the finest basketball player ever — were committed to memory when Jordan formally announced he was leaving the NBA.

"He went on top," said B.J. Armstrong, one of several players to work out at the Berto Center, the team's training facility. "He made the last shot, he made the right plays. He's had a fabulous career, and everything you could ever ask of an athlete he's done. He has a chance to leave and this was a chance."

If Jordan's retirement significantly changes the way the Bulls do business, it is also a league-altering decision that swings the pendulum of power in the National Basketball Association away from Chicago and toward any other play-off team in desperate need of a title.

The Utah Jazz, which took the Bulls to six games in the finals the past two seasons, and the Indiana Pacers, who stretched Chicago to seven games in the Eastern Conference finals, will be the two early season favorites along with Los Angeles, Seattle, New York and Miami.

It's wide open for the rest of us," said Chris Childs, the New York Knicks' point guard. "I think our rivalry against Miami will mean even more. They have been talking about rivalry, like people say the Lakers and Boston in the past. With teams like ourselves, Miami and Indiana, hopefully we can give the fans something like they had when Chicago and Detroit had their rivalry."

The next order of business in the NBA is finding a player to elevate the game to a pinnacle somewhere not too far below

Jordan's. The likely cast of characters involve Grant Hill, Shaquille O'Neal, Kobe Bryant and Kevin Garnett, though as Hill said last year, "Following Mike is like following Muhammad Ali. We're all Larry Holmes. And that's not bad. It's just the way it is."

"Hopefully, we have some teams and some guys who can collectively carry the NBA," said Allan Houston, the Knicks shooting guard. "I don't think anyone is going to single-handedly do what he's done from an individual standpoint. At the same time, I have enough confidence in the guys we have to carry this league."

According to one Bulls' official, Jordan kept the franchise waiting for his decision until the last possible minute.

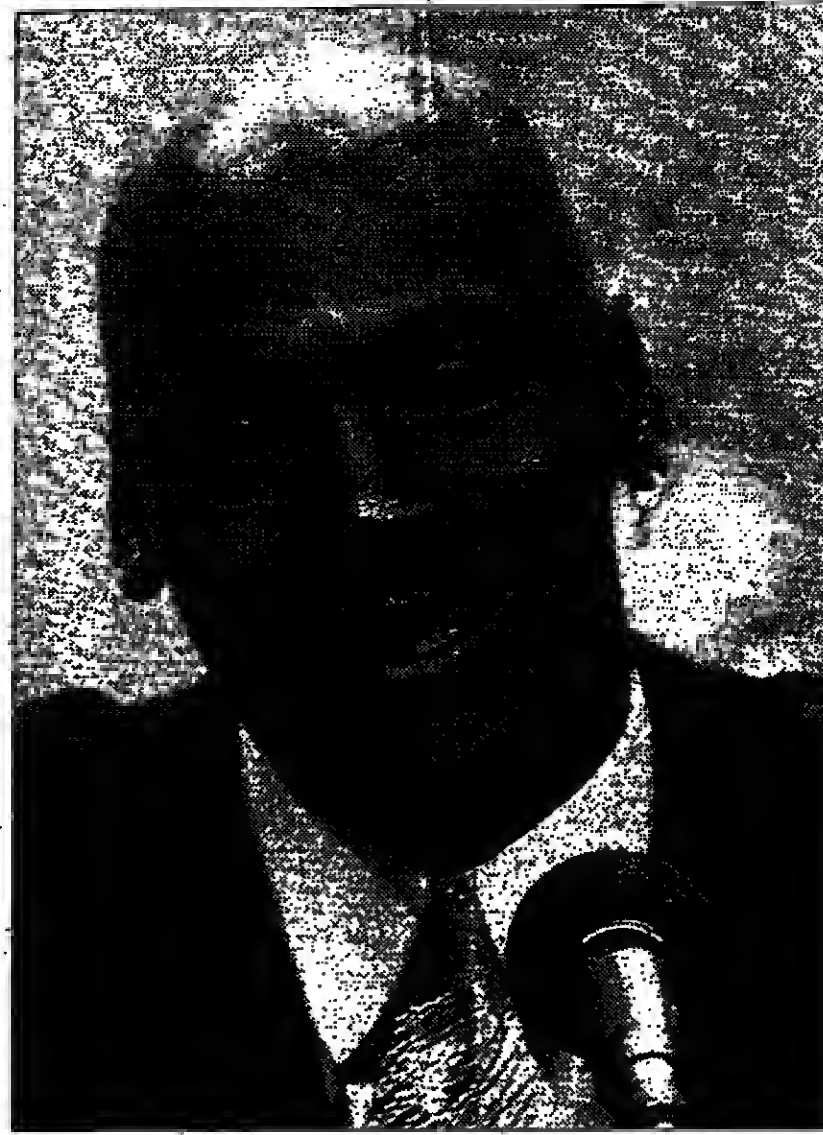
'Following Mike is like following Muhammad Ali. We're all Larry Holmes. And that's not bad. It's just the way it is.'

They were not stunned. Between reports of exotic golf outings and that his workout room had been converted into a cigar-smoking room at home, many in the organization sensed he was leaning toward retirement.

Of the 14 players who showed up for an informal workout Tuesday afternoon, none of them held Jordan's decision against him. His retirement frees up the Bulls to pursue other free agents and also allows his teammates to seek employment with other teams through their agents, should the franchise elect not to re-sign them.

Though the Bulls have only four players under contract and appear headed for a massive rebuilding, the chances of Pippen's return are good based on the fact that the Bulls can offer the All-Star swingman a more lucrative pact than any other team — based on the rules of the new collective bargaining agreement.

But Dennis Rodman's return is in jeopardy.



Jordan announcing his retirement Wednesday from NBA basketball.

JORDAN: Farewell to Bulls and the NBA

Continued from Page 1

history — 31.5 points.

Around the league and throughout the city that worships him, the news was not surprising — but it still stung.

"Loser! Loser! Loser!" said 32-year-old Derrick Watt, a Bulls' fan leaving Jordan's restaurant in central Chicago. "Without Michael, they'll be in the basement of their division."

News of Jordan's departure was felt far outside the world of sports. The stock of the sneaker giant Nike lost more than \$2 a share Tuesday on fears that the company's most effective pitchman was leaving the game although it rebounded somewhat Wednesday trading at \$42.50, up 30 cents, in the late afternoon.

Jordan, who makes an estimated \$42 million to \$47 million a year from endorsements, has deals with about a dozen brands, ranging from Gatorade sports drinks and Ball Park Franks to Hanes underwear, Rayovac batteries, Bijan cologne and MCI WorldCom phone service.

Sponsors and marketing experts predicted that Jordan's incredible popularity and business savvy would transcend his departure.

"Just as Michael broke the mold within the league, he can do it for the retired athlete as well," said Ryan Schimman, a marketing executive at Worldwide Entertainment & Sports in New York.

Some fans and colleagues were not ready to say good-bye again. Larry Bird, Jordan's Dream Team teammate and television commercial sidekick who retired and then returned as coach of the Indiana Pacers, jokingly suggested that the NBA had out seen the last of His Airness.

"We want to wish him and his family well," Bird said. "We look forward to seeing him sometime in late March when he makes his return again in Market Square Arena."

That is where Jordan made his comeback four years ago.

Highest Accolades Worldwide

From Warsaw to Rome, Sydney to Santiago, Michael Jordan was given the kind of Page One coverage Wednesday that American sports seldom receive outside North America, The Associated Press reported.

In a world in which soccer dwarfs the NBA, Jordan received the highest possible accolade: he was likened to the legendary soccer star Pele.

"For a comparable retirement, you have to go a long time back to when Pele was the God of soccer," said the general manager of the Australian National Basketball League, Bill Palmer.

Some papers likened the news of his retirement to the death of a close family member. One suggested "Americans would rather keep Jordan and see President Bill Clinton leave."

"America would willingly take Clinton's retirement in exchange for Jordan's," said Rome's La Repubblica newspaper.

The London tabloid The Sun said: "The shattering retirement announcement will even drive Bill Clinton's sex scandals off America's front pages. If you thought boxer Mike Tyson, football legend Pele or racing driver Ayrton Senna were the most recognized names in the world — forget it."

Several papers compared Jordan to other universally known American exports like Coca-Cola or Mickey Mouse.

"His popularity is unprecedented and without limit," said Italy's Gazzetta dello Sport in a front-page editorial. "He's way better known than basketball itself because he goes beyond its limits: Jordan is myth, poetry."

Jordan's retirement also made waves in China, where the NBA and Jordan have a large following. A survey of 1,000 people in nine Chinese cities conducted in May named Jordan as the second-most widely known American after Thomas Edison.

The Challenge of Life After Basketball

By George Vecsey
New York Times Service

NEW YORK — Dying isn't hard; it's living that's difficult. That's what Jim Brown is saying about the termination of Michael Jordan's basketball life in the NBA.

Brown has imagined a fake-out, saying, "If he changes his mind, that's cool." Jordan did return once, after his mysterious sabbatical as a minor league baseball player. But Brown, who retired from football at 29, is in favor of Jordan's retirement at nearly 36. "It's wise, it's impactful," Brown said Tuesday. "You can never top yourself. When it becomes the old you against the young you, the old you always loses."

If the old Michael Jordan wanted, he could still be the greatest player when basketball resumes in early February. Jordan has lived for every new star, every criticism, every opportunity.

Everybody has a Jordan memory, and I come up with the 1992 finals, when the Trailblazers ceded the 3-point line to Jordan, who never thought of himself as

a long-range shooter. Mercurial that he is, he made 6 of 9 in the first half, shaking his head as if insulted by being given so much space. Jordan loved those visceral challenges, but Brown says the trick is for Jordan to find something meaningful to do with the rest of his life. Brown faced that in 1965, after being the greatest running back in professional football for nine seasons.

"Blanton Collier let me run outside and let me pass," Brown said, referring to his coach with the Cleveland Browns. "I did everything I wanted, but I was a gladiator. The owners had the money and the power. I was just passing through."

"I saw athletes who stayed too long," Brown said, "but I didn't want to become a second-stringer, a role player. I wanted to do something high-profile. I had my degree in four years from Syracuse, and I felt like being an entrepreneur."

Brown never made Jordanian money as an athlete — he made his bundle from action movies. Over the years, he has become a spokesman for African-American ownership, and claims he has been responsible for thousands of jobs.

It is great for athletes to receive adulation, he said, "but in a sense it corrupts the athlete. They get to be entertainers, but some of them wind up like Mike Tyson: unhappy, with tax problems."

"The athletes should take the bull by the horns and have more control over their lives," he said. "Otherwise, they are fooled into thinking they are important."

Jordan has often insisted that he makes his own contribution by earning a fortune through endorsements. He has given \$1 million to the University of North Carolina, but he has also taken criticism for his association with Nike, because of its plants in poor countries. Up to now, Jordan has deflected much of the expectations with the reminder that he was merely an athlete, getting ready for the next game.

It was F. Scott Fitzgerald who wrote, "There are no second acts in American lives," a morbid thought for an athlete retiring in his prime. It sounds as if Jim Brown, and many others, will be eagerly monitoring Michael Jordan's attempt to find a meaningful second act.

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Avalanche Rolls Over Blackhawks

The Associated Press

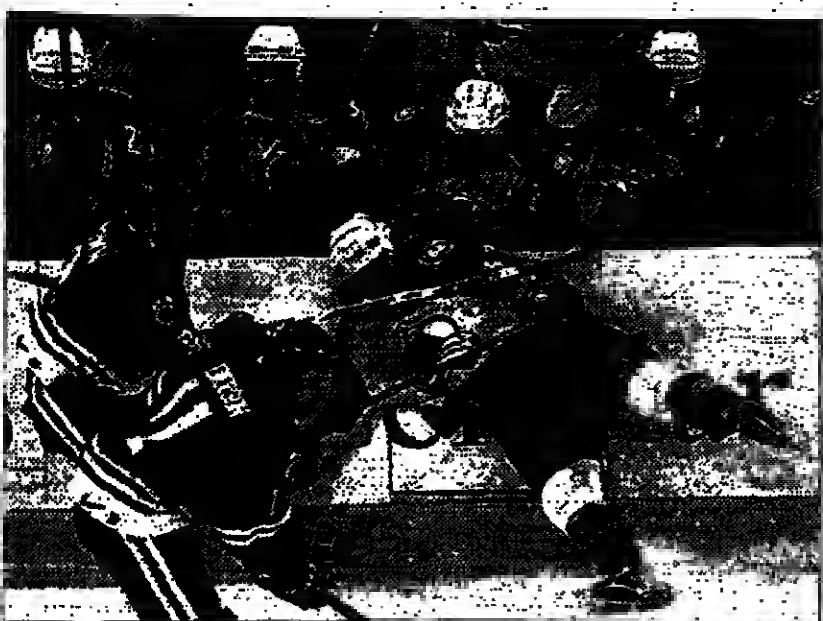
Peter Forsberg scored a shorthanded goal and an assist to lead the Colorado Avalanche to a 4-1 victory over Chicago, keeping the Blackhawks winless in five games.

It was Forsberg's 12th goal of the year. Joe Sakic had a goal and an assist, and Claude Lemieux added his 17th.

NHL Roundup

goal of the season for the host Avalanche, who had Patrick Roy's services as goaltender Tuesday for the first time since Dec. 26. Roy had 23 saves on the night.

Red Wings 5, Canadiens 1 Montreal's goaltender, Jeff Hackett, had his seven-game winning streak snapped as five Detroit players scored in the Red Wings' victory over the visiting Canadiens. Vyacheslav Kozlov, Sergei Fedorov, Nicklas Lidstrom, Jamie Macoun and Doug Brown scored for the resurgent Red Wings. The Canadiens took a 1-0 lead from Brian Savage's seventh goal in the first period.



Brad Brown of the Blackhawks, left, dumping Colorado's Chris Drury as Nelson Emerson skates by. Brown got a high-sticking penalty.

Stars 2, Oilers 2 Ryan Smith scored with 55 seconds left in regulation to give Edmonton a tie with visiting Dallas. A deflection off Smith of a shot by James Nikunen gave Smith his fourth goal of the year, just 10 seconds after the Edmonton goalie, Bob Essensa, went to the bench so the Oilers could add an extra skater. Jere Lehtinen and Pat Verbeek scored goals for Dallas.

Maple Leafs 4, Lightning 3 Mats Sundin scored his 14th goal with 8:08 remaining to cap a three-goal comeback as Toronto handed host Tampa Bay its sixth straight loss and returned to first place in the Northeast Division. The Lightning had a 3-1 lead before Mike Johansson's second goal midway through the second period, and Yannick Tremblay's goal early in the third period tied the score.

Cunning Coaching to Take NFL Stage

By Thomas George
New York Times Service

NEW YORK — Football players are told to make one block at a time, one play, one practice, one game. Never look too far ahead. Stay in the moment. All eyes on today.

Their coaches preach that but do the opposite. They always look for what lurks.

When the New York Jets fly to Denver and the Atlanta Falcons travel to Minnesota for the conference championship games Sunday, their meetings will be their first eye-to-eye encounters of this season. But despite the coaxing to not look ahead, the players in both games have been thinking about their opponents for the past several weeks. So, too, have the coaches, who have employed their scouts to study and report their opponent's strengths and weaknesses.

"You'd have to be living in space to not know about what Minnesota has been doing," said Falcons linchbacker Jessie Tuggle. "You notice their guys, especially their impact players. All season long they've been on the highlights. They were a 15-1 team. You notice that."

Even when the Dolphins were tripping Denver in the regular season in Miami on Dec. 21, some of the Browns' thoughts, even then, were fixed on the Jets.

It was late on that Monday night

when the Broncos kick returner Vaughn Hebronn said: "This was a game where Miami had everything to gain, the playoffs and all, and we've already clinched our spot. They had more fire and more desire and they won. But that's OK. We'll probably see them again in the playoffs, and we're not worried. You know the team we see coming? It's the Jets. Now, that's the team to watch. The Jets are playing tough. They're building something. They're getting confidence. I think somewhere along the line, we're going to have to deal with the Jets."

Well, Denver destroyed Miami, 38-3, Saturday in playoff action at Mile High Stadium.

Next it's the Jets vs. Denver for the American Football Conference title and a trip to Super Bowl XXXIII. Hebronn certainly has vision.

The Atlanta-Minnesota matchup will decide the National Football Conference representative in the Super Bowl. Like the AFC matchup, it features teams that gained byes during the playoffs' first round.

The Atlanta coaches probably spent half of their playoff bye week preparing for the Green Bay-San Francisco wild-card winner and then half preparing for Minnesota, especially since they knew the 49ers, a Falcons divisional opponent, so well.

Terry Robiskie, the Washington Redskins receivers coach, remembers how

teams used to prepare for the 1985 Chicago Bears and for the 46 defense, the creation of Buddy Ryan, the Bears' defensive coordinator.

"You would go into training camp preparing for that defense," Robiskie said. "Even if you were playing the Bears in November or December, you would begin breaking it down in June in training camp because it was so new and so complex. And because it was so good."

Mike Shanahan, the Denver head coach, is a guru of offense today on the level of what Ryan was on defense. Shanahan made no secret even before the Jets beat Jacksonville that he was studying the Jets. He was already looking for that edge in homework, that jump-start.

Because of what Denver has done — won the last Super Bowl, and this year ripped teams offensively with big plays and the terrific Terrell Davis running — it would not be surprising if the Jets have been studying Denver in some fashion since training camp.

"If you want to get to the Super Bowl, and you know you probably have to go through Denver in the AFC to get there, you are looking for any edge," Robiskie said.

In most instances, among these finalists' last four games, scouts have been watching closely, preparing for what we will see Sunday.

IOC Scandal Could Result in Ousters

The Associated Press

SALT LAKE CITY — The International Olympic Committee says it has enough evidence to complete its bribery investigation and will recommend expelling some members and changing the site-selection process.

Robert Garff, chairman of the Salt Lake Organizing Committee, said that body's ethics panel had identified eight IOC members who could be implicated. Anita DeFrantz, a member of the Salt Lake committee as well as an IOC executive, has said as many as a dozen IOC members could be ousted.

The report by the six-member IOC commission investigating bribery allegations in Salt Lake City's winning bid for the 2002 Winter Games is scheduled to be published Jan. 24 after a meeting of the IOC executive board in Lausanne, Switzerland.

"The commission has identified improper behavior by certain IOC members with respect to the Salt Lake City bid," the IOC said through its newly hired New York public relations firm, Hill & Knowlton.

The IOC sent letters this week to members implicated in the investigation, demanding an explanation. The IOC president, Juan Antonio Samaranch, has said guilty members would be expelled or asked to resign. The report also will include recommendations for changes in the bidding for Olympic Games and the IOC election process.

DeFrantz, speaking Wednesday on NBC's "Today" program, dismissed talk that the Olympics could be moved elsewhere or canceled.

"The Games will be in Salt Lake City," DeFrantz said. "The people there have been working very hard. The venues are in place. Things are moving

forward. The IOC is very satisfied with the progress in Salt Lake City. The athletes of the world deserve to have Salt Lake City as the site."

But a Swiss IOC member, Marc Hodler, reiterated his concern that Salt Lake City would not be able to raise enough money to stage the Games.

"If the budget isn't balanced, one could envisage transferring to Calgary or Lake Placid the sports for which installations haven't been built in Salt Lake," Hodler told Swiss radio. "Maybe ski jumping, speedskating, cross-country skiing and the biathlon. That's not a proposal, but a working hypothesis."

Meanwhile, in Australia, an IOC member said Wednesday that the organization would examine claims by a senior member of the committee that handled Sydney's successful bid for the 2000 Summer Games that he was approached to offer bribes.

The Australian IOC member, Kevan Gosper, said he spoke to the Sydney official, Bruce Baird, now a member of the federal Parliament, about the claims.

"He's advised me of two conversations he had at the time of the Sydney bid, which may have been interpreted to be seeking some sort of opportunity," Gosper told Australian Broadcasting Corp. radio.

Baird said he gave a statement to Gosper claiming that one IOC member and an intermediary made approaches seeking cash in exchange for votes for Sydney's bid, according to the radio report. Baird also told Australian television that he was approached by someone claiming to represent African delegates.

Olympians Say Bribes Common

The Salt Lake City bribery scandal is just an example of the way business is

done in the Olympics, two of the greatest heroes of the Games said, The Associated Press reported from New York.

Mark Spitz and Carl Lewis, who each won a record nine Olympic gold medals, said Tuesday at a news conference that corruption was rampant in the bidding process for cities to stage the Summer and Winter Games.

"I don't think anyone believes that this is the first time this has happened," said Lewis, a sprint and long-jump champion from 1984 through 1996. "I don't think anyone believes that this has not gone on before."

"I don't know of any organization that has more power or makes more money that is less regulated in the entire world than the IOC."

Spitz, the winner of an unmatched seven swimming golds in 1972, said work as a consultant for the unsuccessful bid by Stockholm for the 2004 Summer Games showed him the darker side of the Olympics.

"We communicated with the 100 or so delegates and there was this definite undertone in all the conversations, and that was, 'What benefit is it going to be to my country?' which is more or less saying, 'What benefit is it going to be to me if in effect I vote for this city,'" Spitz said.

The bribery scandal under investigation in Salt Lake City therefore was inevitable, he said.

Lewis said the Olympics would survive the scandal because the athletes remain the stars.

"When it is said and done, the athletes got out there and performed and that's what we remember about the Olympics," he said. "Not the organization or other people."

SCOREBOARD

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE					PACIFIC DIVISION				
	W	L	T	Pts		W	L	T	Pts
Philadelphia	21	9	10	52	Toronto	25	7	7	50
New Jersey	22	12	5	49	Tampa Bay	22	10	5	44
Pittsburgh	19	10	7	45	Phoenix	14	14	2	28
N.Y. Rangers	16	17	7	39	San Jose	13	17	10	26
N.Y. Islanders	13	26	3	29	Los Angeles	15	22	4	30

NORTH ATLANTIC DIVISION					TUESDAY RESULTS				
	W	L	T	Pts		W	L	T	Pts
Toronto	24	15	2	50	133	74	115		
Ottawa	22	13	5	49	120	76	102		
Buffalo	21	11	6	48	109	79	99		
Boston	19	14	4	44	104	95	95		
Montreal	15	20	7	37	96	108	108		

SOUTHERN DIVISION					THURSDAY RESULTS				
	W	L	T	Pts		W	L	T	Pts
Carolina	18	16	7	43	106	101	101		
Florida	14	14	10	38	97	102	102		
Washington	15	20	3	32	97	102	102		
Tampa Bay	9	29	3	21	86	146	146		

CENTRAL DIVISION					WESTERN CONFERENCE				
	W	L	T	Pts		W	L	T	Pts
Detroit	21	18	2	44	125	111	111		
St. Louis	15	14	9	39	103	96	103		
Chicago	11	25	6	28	90	136	136		

NORTHWEST DIVISION					CENTRAL DIVISION				
	W	L	T	Pts		W	L	T	Pts
Colorado	19	19	4	42	103	107	107		
Edmonton	16	19	6	38	116	111	111		
Vancouver	14	22	5	33	106	122	122		
Calgary	13	25	3	29	102	127	127		

BASKETBALL

U.S. COLLEGE SCORES

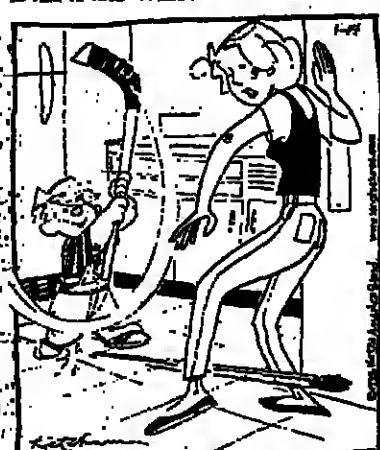
TUESDAY RESULTS		THURSDAY RESULTS	
W	L	W	L
Harvard 84-66	UConn 81-70	Harvard 84-66	UConn 81-70
Stanford 70-61	UCLA 68-61	Stanford 70-61	UCLA 68-61
Arizona 77-68	UCLA 68-61	Arizona 77-68	UCLA 68-61
Michigan 77-68	UCLA 68-61	Michigan 77-68	UCLA 68-61
Illinois 77-68	UCLA 68-61	Illinois 77-68	UCLA 68-61

CRICKET

TRANSITIONS

TRANSITIONS	
Adriano Panatta	1950-1970
Billie Jean King	1960-1970
Arthur Ashe	1960-1970
John Newcombe	1960-1970
Ken Rosewall	1960-1970

DENNIS THE MENACE



"DAD BURNED HIS ENGLISH MUFFIN, SO I'M USING IT FOR A PUCK!"

JUMBLE

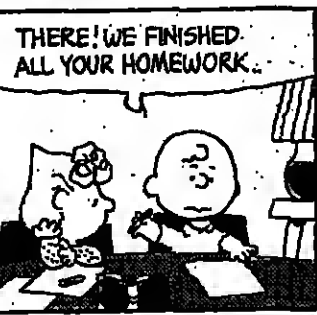


Answer: A. (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100)

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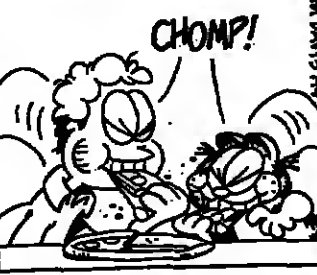
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CHINA	YEN	1,400	2,800	25%
FRANCE	FFR	1,400	2,800	25%
GERMANY	DM	1,400	2,800	25%
HONG KONG	HKD	1,400	2,800	25%
INDIA	RS	1,400	2,800	25%
ITALY	LIR	1,400	2,800	25%
JAPAN	YEN	1,400	2,800	25%
MEXICO	MXN	1,400	2,800	25%
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ART BUCHWALD

Surprise Witnesses

NEW YORK — If the impeachment trial goes on much longer, the public can expect a few surprises. They are injured to television drama where, at the last moment, a witness or a piece of evidence is suddenly produced to save the defendant.

There are some scenarios I have in mind as to what would make a satisfying climax to this dreary proceeding.

At the last moment, just as Henry Hyde is summing up, Paula Jones dashes into the courtroom and says: "I made a mistake. It was the other Bill Clinton, who owns the Little Rock Car Wash. I beg the president's forgiveness for putting him through this horrible ordeal, and I am giving him back his \$800,000." The Senate unanimously votes not guilty.

Or perhaps this version: "If it please the court, we have a surprise witness who can shed light on this case — Samuel Eckstrom of

the Pennsylvania Avenue Dry Cleaners.

"Mr. Eckstrom. Tell us your story."

"I was cleaning this dress of Monica Lewinsky when I accidentally spilled Elmer's Glue on it. I tried to get it out without success so I sent it back with a note and a check from the insurance company for \$59.95."

Senator Trent Lott says, "This puts an entirely different slant on the case."

A final ending to this episode that would satisfy everyone would be when a White House lawyer rushes into the Senate chambers just as Strom Thurmond is summing up.

"Your honor," he addresses Chief Justice William Rehnquist. "These papers were just found in a pumpkin in Philadelphia. They were left by our Founding Fathers. They say they would never consider phone sex a high crime or a misdemeanor. It was the Founding Fathers' wish that such a charge, if made, be immediately dropped and the president be fined \$13.50."

After hearing the convincing evidence, the Senate shouts: "Not Guilty!"

George Harrison Wins Satisfaction

LONDON — George Harrison won an apology and money over a false charge that he demanded sexual favors from a young woman in return for a donation to charity.

The accusation against the former Beatle was contained in the book "All Dressed Up: The Sixties and the Counter Culture," published last year by Random House UK.

Harrison sued the publisher and the author, Jonathan Green, for libel, and on Monday was exonerated when the publisher agreed to pay Harrison's legal costs as well as an undisclosed amount in damages.

"The allegation is untrue and the defendants now acknowledge this to be the case," Harrison's lawyer, Norman Chapman, told the court.

Giles Crown, the lawyer for Random House and Green, said both were very sorry for the damage and embarrassment they had caused. Random House already had withdrawn the book.

Tinseltown, Where Everyone's a Star, Dahling

By Neil Strauss
New York Times Service

ANAHEIM, California — The first "adventure" you encounter upon arriving at Tinseltown Studios, a new theme park and dinner-theater complex near Disneyland here, is having your name on the guest list.

Next you walk to a large gated door, which opens to reveal a red carpet and banks of klieg lights shooting into the sky. A throng of teenagers descends on you waving autograph pads, followed by paparazzi setting off flash bulbs in your face, reporters brandishing note pads and television news crews stopping you for interviews.

And so begins one of the strangest and most revealing spectacles the entertainment business has created in this decade. At Tinseltown, "customers" and "guests" are the wrong words to describe those who buy \$45 tickets. Once inside the \$15 million complex, they are referred to by the employees as "stars." Even the tickets are designed to look like exclusive gala invitations.

Tinseltown is predicated on the fantasy of practically every couch potato, moviegoer, music fan and tabloid reader: For one night they can be their idols. Despite the death of Diana, Princess of Wales, and the endless intrusions into the private lives of celebrities from Dennis Rodman to Bill Clinton, the dream of being famous has hardly faded. Tinseltown is the logical end point of the culture's increasing celebrity worship, an answer of sorts to the riddle Woody Allen poses in "Celebrity": What would happen if everyone were famous?

In the simplest definition, celebrities are those who are known to people they do not know: whether an Academy Award-winning actor, a high school track hero or a white-collar worker caught in an affair that has the whole office abuzz. In general, the more strangers who know who you are, the more famous you are. And this

is the basic tenet of Tinseltown. It centers on the ego, on vanity, on the desire of human beings to prove their specialness to strangers. There is no shortage of people who believe it is their destiny to bask in the spotlight, to be the envy of others.

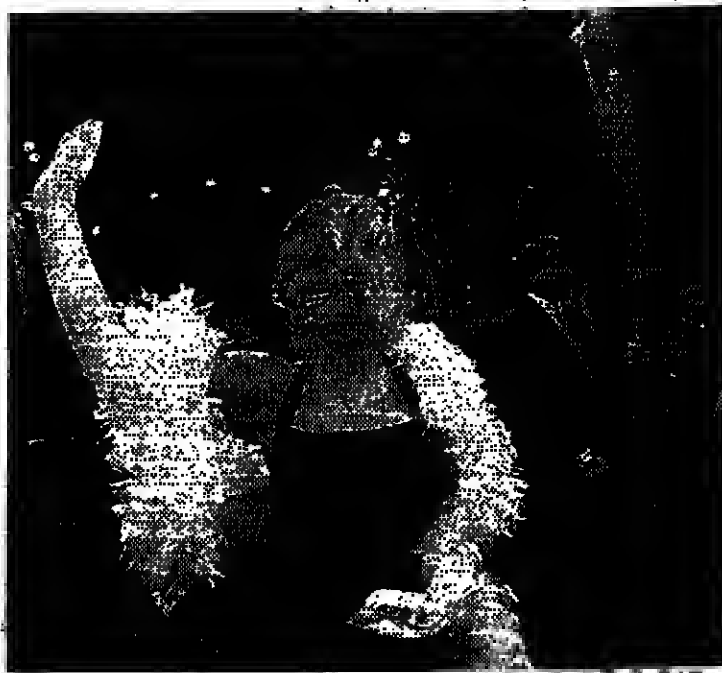
"Walking up on the carpet, all these people coming up to you and treating you like you're in real movies — that's our dream," said Susan Scanlato, a 17-year-old student of the musical theater who visited Tinseltown recently with her friends.

The idea for Tinseltown, said Jim Garber, one of its originators, was based on this desire. "It started with the idea that everybody would love to live that fantasy of being at the Academy Awards, not just watch it on TV," he said, "where you could walk the carpet, be in the spotlight and, if you're lucky, be on the stage winning an award."

On a recent evening Tinseltown was nearly filled to its 700-person capacity, with families from the surrounding area, groups of students who were friends of Tinseltown staff members and a few couples who dressed for the occasion in tuxedos and evening gowns. Passing through the gates toward the mock movie studio, the "stars" were ambushed on the red carpet as celebrities at an awards show are accosted by El Entertainment Television, another symptom of a celebrity-obsessed culture.

Barraged by questions about who would share their next love scenes, they improvised: Leonardo DiCaprio, Pamela Anderson, Barney. Asked about her next movie, a 70-year-old woman replied, "I only do Shakespeare now."

The stars for a day were greeted by spotlights, more cameras and excited applause from the servers. Since Tinseltown is owned by Ogden Entertainment, which is also a food and beverage company, it cost-effectively merged its businesses and served dinner, with steak and salmon entrees included in the ticket price but drinks extra (despite a Pepsi commercial shown on giant tele-



Gail Hobbeman getting the red-carpet Tinseltown treatment.

vision monitors during the meal).

As they ate, the stars watched the reprise of their red-carpet interviews. Some stars were ushered to a backstage studio and edited (rather lamely) into movie scenes; opposite Anthony Perkins in "Psycho," Kathy Bates in "Fried Green Tomatoes" or Sam Neill in "Jurassic Park." These clips were shown to the audience, which selected a winner, leading to the evening's climax in which awards were given out for best actor and actress.

In case the winners weren't creative enough, employees at Tinseltown — where the slogan is "taking unknown people and turning them into screen legends" — handed them a speech derived from an actual Academy Awards thank you. In case anyone felt left out, waiters came up to the tables and said things to plainly dressed people like, "Wow, look at all the stars."

Though this at times seems ludicrous, fame is changing in the '90s. The multiplication of media

has made it much easier and faster to be a celebrity, whether by being on the Internet, starting a public access television show, getting on a talk show, being selected for "The Real World" on MTV, advertising yourself on billboards or doing something extraordinary or atrocious enough to get noticed by a news outlet.

Now Tinseltown has upped the ante in the fame game: being a celebrity is no longer just an aspiration or an accident, it is also something people do for fun.

"We clearly went into Tinseltown with the expectation that it's a concept that could be exported to other markets," said Tom Eder, a senior vice president at Ogden.

"It's prudent to wait six months to a year first, but right now the signs are positive. We've gotten a number of inquiries from tourism commissions in places in Asia, like Tokyo. But frankly I think there are a number of other places in the U.S. for Tinseltown."

PEOPLE

THE top spot on Mr. Blackwell's list of the worst-dressed women has gone to Linda Tripp. Monica Lewinsky's former friend has a look that makes her "the Star" of her very own "Stylegane," the former fashion designer said. Madonna, a favorite Blackwell target, was second ("Mama Madonna has become a neo-Gothic fright") and Kate Winslet was third ("Her wardrobe should have gone down with the Titanic") on Blackwell's 39th annual list. Carmen Electra, wife of the cross-dressing basketball bad boy Dennis Rodman — he topped Blackwell's list two years ago — was No. 4. The rest of the list: the singers Courtney Love and Mariah Carey and the actresses Marisa Tomei, Sigourney Weaver, Sandra Bullock and Alex Kingston.

Whoopi Goldberg will be back at the Academy Awards ceremony on March 21, taking over from the popular host Billy Crystal. Crystal, who won an Emmy for last year's show, reportedly decided last week that he didn't want to

be the host this year. Goldberg earned Emmy nominations for her work as host of the shows in 1994 and 1996.

Max Baer, who played Jethro in the 1960s TV comedy "The Beverly Hills

billies," has won the go-ahead from the Reno, Nevada, City Council to proceed with his \$130 million project: a hotel-casino with a "Beverly Hillsbillies" theme, complete with a huge marquee with a flame-shooting 240-foot derrick. Critics said the derrick would be an em-

barrassment, but Baer threatened to take his hotel elsewhere if the derrick was not allowed. He said it would bring a recognizable landmark to the city.

Dustin Hoffman testified in a Los Angeles court that Los Angeles Magazine made him an unpaid fashion model by running a computer-altered photograph of him wearing a dress. Hoffman, the star of the 1982 cross-dressing comedy "Tootsie," contends in a lawsuit that he did not give the magazine permission to use his picture in an ad with the words: "Dustin Hoffman isn't a drag in a butter-colored silk gown by Richard Tyler and Ralph Lauren heels."

John Kennedy Jr. has a new second-in-command at his magazine, George: Richard Blow, who will be executive editor. Blow, who has been the magazine's senior editor and Washington-affairs editor, succeeds Elizabeth Mitchell, who cited "creative differences" in resigning last week.

Kazan Is to Be Awarded an Honorary Oscar

LOS ANGELES — Elia Kazan, the ailing 89-year-old director who in recent years has been rejected for several lifetime achievement awards because he informed on friends during the height of the McCarthy era, will be given an honorary Academy Award at the Oscar ceremonies on March 21.

The decision by the board of the Academy of Motion Picture Arts and Sciences to give Kazan an honorary Oscar is, in some ways, a direct rebuke to the American Film Institute, which has gone out of its way to ignore Kazan in its yearly awards. Kazan is perhaps the foremost filmmaker of the 1950s and '60s, director of such classics as "On the Waterfront," "A Streetcar Named Desire," "Viva Zapata!" and "East of Eden."

His name still stirs debate and even animosity because of his appearance before the House Committee on Un-American Activities on April 10, 1952, when he informed on eight friends who had been fellow members of the Communist Party in the 1930s. Among those whose careers were damaged were the actors Morris Carnovsky and Art Smith and the playwright Clifford Odets.



BABY STEPS — A four-week-old pigmy hippo meets the press Wednesday at Whipsnade Animal Park north of London. Veterinarians performed an emergency Caesarean on her mother, who died.



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